

"PRO PATRIA."

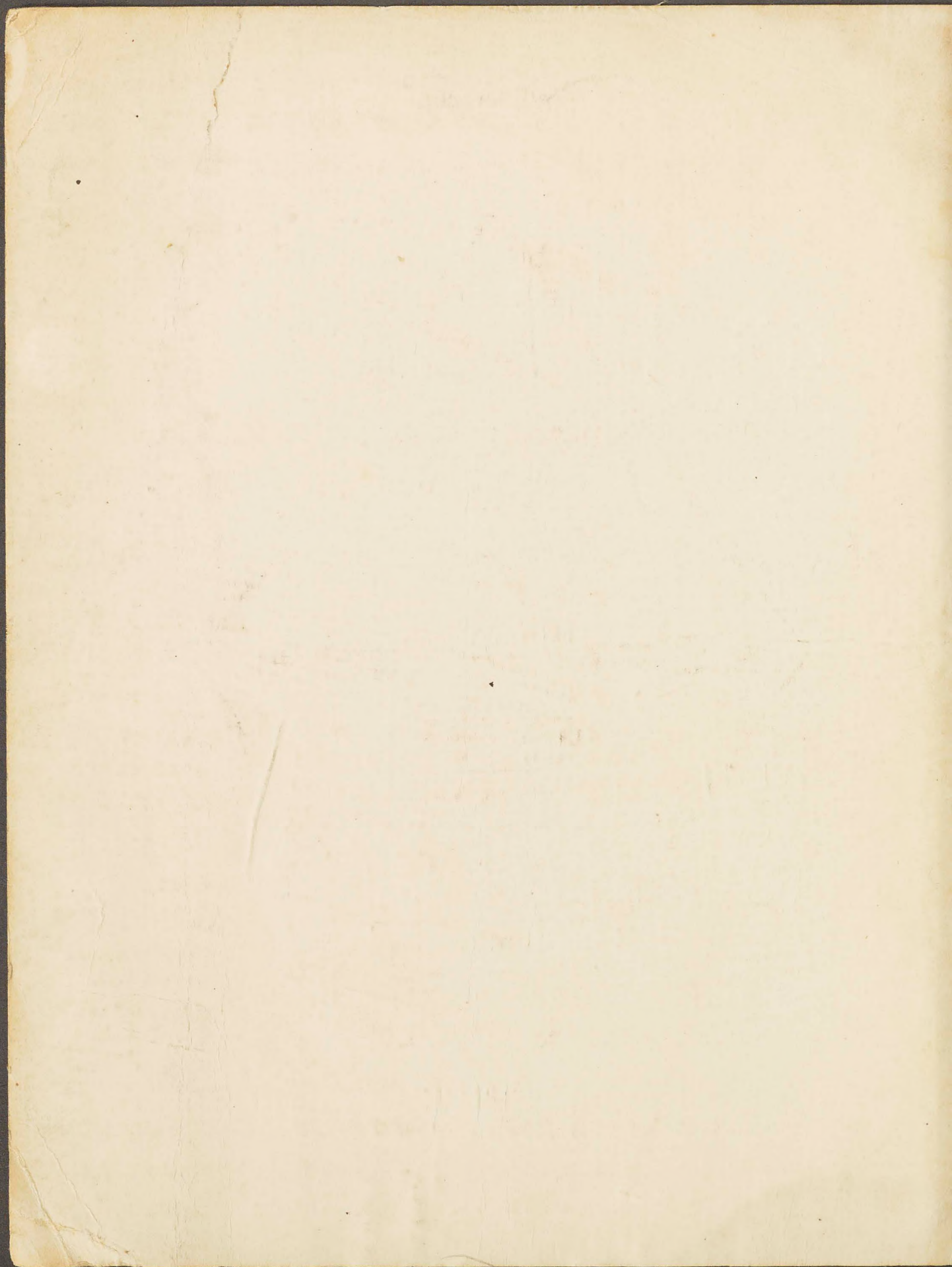
OUR
DIAMONDS.



PLEA
— FOR —
A CUTTING AND POLISHING
INDUSTRY
— IN —
SOUTH AFRICA.



1913.



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ILLUSTRATIONS

BY

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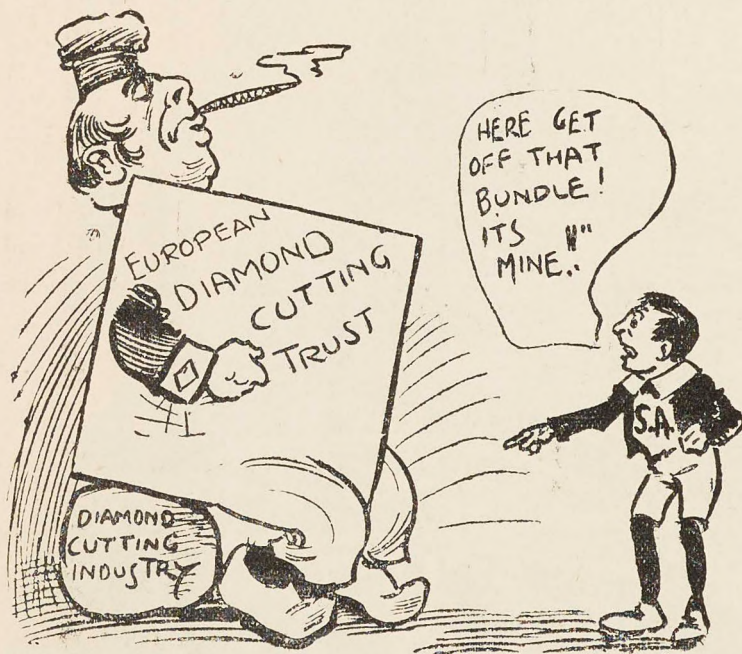
You may fool all the people some of the time, and some of the people all the time ;
but you can't fool all of the people all of the time."

ABE LINCOLN.

OBJECTIONABLE PASSENGERS.



The South African public are beginning to object to the way the country is being exploited for the benefit of the Diamond Buying Syndicate and the Province of Mozambique.



A
MORAL
TO
START
WITH.

A popular American rose to address a wearied audience fidgeting to get away—some already rising from their seats. He said: "Down in Carolina recently I heard this story: 'A young Negro was courting a lump of darkie humanity, who weighed some two hundred pounds. After sitting in her lover's lap quite a long time she said sweetly, 'Aint yo' tired o' holdin' me honey?' 'I was,' he replied, 'tired about an hour ago, but i'se on'y numb now.'"

The audience remained.

FOREWORDS.

“ I have the authority of our chairman, Mr. Solly B. Joel (and there is no one in a better position to judge) for stating that the prospects of the diamond mining companies, and the diamond industry generally, have never been so favourable in the history of South Africa as they are to-day.”—Oct. 24, 1912.

“ How to develop the country's assets seems to me the main problem for politicians.”

GUSTAV IMROTH,

Managing Director Johannesburg Consolidated Investment Company, Limited, and Director of Premier Diamond Company.

Sir Thomas Cullinan, M.L.A. Chairman of the Premier Diamond Company, at a meeting of his constituents at the Premier Mine, said :—

“ While the whole of the world to-day was protectionist, why should South Africa sit still to be kicked.”

And he moved the following resolution :—

“ That local industries should be protected, more especially when the raw materials used are the products of the country.” [Carried unanimously.]

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OUR DISCOVERIES.

The year 1867 marked two events of vast importance to South Africa. Carl Mauch found ancient gold mines north of the Limpopo, and little Hesie van Niekerk handed her bright white pebble to the trader O'Reilly, for a handful of sweets. The writer handled that stone in the surgery of Dr. W. Guybon Atherstone, of Grahamstown, who identified it as a diamond, with the prophetic remark: "Where that came from there are plenty of others." Yet a great geologist had pronounced South Africa to be without gold, and an expert, sent specially to report on the possibility of diamonds, stated confidently they would never be found here—the "formation" was wrong. Being a provoking land of surprises, anomalies and contradictions, it has responded with an output of diamonds valued at £150,000,000, and over £350,000,000 of gold. This is not all. Sir Lionel Phillips believes that the Rand alone will produce a further £1,500,000,000, and Sir David Harris predicts that our known pipes will turn out diamonds to the further value of £250,000,000. Truly a rich poor country—rich in minerals, poor in progress.

The gold and diamonds were opened to the world, not by foreign adventurers, but by the sons of South Africa—our very own people. It was they first, who, with bits of hoop-iron, fossicked amid the limestone, under a blistering sun; who poisoned themselves with foul water; who choked their lungs with the dust of dry-sorting; who rotted and died from camp fever. The blood and bones of our countrymen paid the original purchase price, and it was on their foundation of toil and suffering, that this country was raised from a state of comparative poverty to immediate prosperity. The effect of the discovery was magical. An immense transport service was the earliest result. Wagon-makers, carriers, farmers, and cattle-breeders enjoyed a succession of fat years. The inevitable railway altered the balance again, transferring to mine-holders the advantage of lower rates. The sons of the soil had their short day, and when the mines are worked out the debt for the construction of railways will remain, for those who chiefly benefit by it do little more than provide interest and running expenses. Cheapness of production of diamonds appears to be the goal of our ambition.

PAST AND PRESENT.

To follow the vicissitudes of the Fields is to recount a story known to everybody. From the river diggings on the broad-flowing Vaal to New Rush; then a period of many individual claim owners, and the subsequent flotation of numerous companies; followed by the serpent of Aaron swallowing all other serpents by essential amalgamation and consolidation. And to-day? What of that Kimberley where once beat the heart of Africa?

"They say the Lion and the Lizard keep

The Courts where Jamshyd gloried and drank deep."

The bronze figure of Rhodes the mighty is there, but forgotten his dreams of progress and his doctrine of "tribute"; the generosity he taught, and practised, whittled down to a mere distribution of inconvenient "compound" trading profits. Ghosts of the dead are in the "Market," and the patient Coolie occupies the offices of old-time wealthy diamond buyers; phantoms of the past seem to hover at crooked corners, or flit along silent and deserted roadways. Do they, one wonders, gather in unseen groups at the edge of that wondrous monster pit—the biggest hole in the world—when mists of evening fade into the gloomy depths; here, where in the body they sweated and strove and prospered? All is so still now in this great grave of the agony of but yesterday's toil. Are the Shades of those who made mine and camp and mart, gibbering to each other at the "other times and other manners," when directors of "the great company" banquet with enriched banana-hawkers. Rhodes gazes northward. But in Rhodesia, as in Kimberley, the Banya is already there, staking out

"claims" for his dusky posterity too; sowing seeds plentifully of future trouble. Are we worthy of our heritage if the dream of "Groot Schuur" is to end in a South Africa "from Lion's-head to Line"; ruled and owned by a mulatto race?

Kimberley played a great part—until it was itself played out. It helped to make Johannesburg, it helped to found Rhodesia; but already a dozen years ago, directors of De Beers were congratulating shareholders upon having got all their money back, with a third interest in the Bechuanaland railway, much good land, and the permanent right to all Rhodesian diamonds. Best of all "the money back." The blessing of the big bonus is the joyous reward of their patriotism! An indictment comes from another pen. In an article on "The shortcomings of De Beers," "The South African Mining Journal" [26th October, 1912], a non-party, non-political publication, takes the "long view" of the duties of a great corporation, writing as follows:—

"From the shareholders' point of view, it would seem indeed that De Beers is a mammoth pattern and model of mine administration, and that if the criterion of sound mining finance is to be the winning of the maximum of profit in the shortest possible time, the Kimberley undertaking is an unqualified success. But it seems to us that the whole duty of De Beers does not begin and end with the payment of record dividends. The history, the size, and the privileged opportunity of the concern entail other and greater responsibilities. The fact is, De Beers to-day has lost the spirit and tradition of Rhodes and Beit and Wernher. It has sold its birthright of enormous potentiality for the small profits and quick returns of the purely money-grubbing concern. From its privileged position of pioneer capitalist to big schemes of industry and enterprise, it has descended to the watchful opportunism of the ticky snatcher. In a country where capital for new industries, by general consent, is every day becoming scarcer, and where the schools are turning out, monthly, thousands of young potential workers, an organisation of this sort cannot be allowed to ignore what is at once an opportunity and a responsibility. It is not too much to say that a concern like De Beers, with a revenue as big as that of some small kingdoms, and credit better than that of most, could, if it would, be a stimulus and fostering influence of the first magnitude to South African industry. That it should be content instead to remain a clog on the wheel of progress is at once its shame and the country's loss."

"OUR FRIENDS IN LONDON."

To illustrate the difference between the great Imperialist and his financial colleagues I extract a paragraph from the biography of Cecil Rhodes by his private secretary, Mr. Philip Jourdan [p. 64]. It is very illuminating:—

"The Company [De Beers] contracted every year with a Syndicate for the sale of its diamonds. They were sold in bulk to the Syndicate at a certain price per carat. Some of the members of the Syndicate were also large shareholders of De Beers. For some years previously Rhodes had added each year a few shillings to the price per carat. This year [1899] he demanded a substantial increase. To this the Syndicate would not agree, and it was backed up by some of the most powerful London directors of De Beers. Another proposal by Rhodes which was vehemently opposed by the directors was the establishment of a dynamite factory at Somerset West in the Cape Colony, the other directors maintaining that De Beers should not engage in undertakings other than diamond ventures, whilst Rhodes contended that it was the duty of directors judiciously to invest De Beers funds in such a way that when the mines gave out they would have other sources of income to fall back upon. These two proposals brought Rhodes in severe conflict with the London directors. Rhodes would have his way, but the directors remained firm in their opposition. He appeared very much worried.

He fought for his views like a tiger, and threatened to appeal to the shareholders. Eventually the directors, knowing what an asset they had in him as Chairman and Managing Director of the Company in South Africa, gave in to him."

But Rhodes is dead and has no successor.

Mr. Oats, Chairman of De Beers, also speaking of this Syndicate in 1908, said: "It was one of the most odious parts of his duty to deal in diamonds with gentlemen themselves large shareholders in the company," adding: "If we don't always get what we would like, we take care to get what we can."

South Africa too should get what it "can."

"What," asks the numbed reader, "has all this to do with the economic question of cutting diamonds in this country?" Well, one just wanted to show that those who wish to

have any industry established here will find lions still in the way—but nobody to fight them. Rhodes also wished to have diamond cutting transferred to our shores. Sir Thomas Fuller, a Director of De Beers, records the fact in his interesting personal recollections:—

“I was once,” he writes, “taking a drive with him through the veld, Kimberley, in a Cape cart, when after some minutes of silence he said: ‘I intend that every diamond that is dug out of the De Beers Mine shall be cut here in Kimberley, ready for the jewellers.’

‘What, then,’ I asked, ‘would become of the Amsterdam cutters, who represent a great European industry!’

‘Bring them out here,’ he replied, and then lapsed into silence.

No matter what scheme or issue was in his mind, he broadened it into something before he had done with it.”

At Grahamstown he publicly advocated the same policy. Some of his “friends” are now coming forward with the assertion that his steady mind had privately changed on this question; and—how strangely contradictory—even he found himself unable to succeed in the “chimerical idea!”

In a preceding quotation his secretary gives some idea of the struggle Rhodes would have had to face ere “our friends in London” might have given reluctant consent. They contested every shilling he put on the value of diamonds, for the simple reason that when he won it went, not to them, but to the shareholders, or to help some big project. It is fair to assume, that, had he lived, in time he would have succeeded in this as in other “dreams,” against all opposition.



FACTORIES REQUIRED.

Our country is stagnating for want of industries that give occupation to white workers, to the descendants of those who have borne the heat and burden of the day in making this land. Even Free Traders admit, as a principle, that where we have the raw material we have a claim to a measure of protection. If that be so the case for diamond cutting is proved. South Africa enjoys a practical monopoly of the world's diamonds. It still produces 98 per cent. of the world's output [Stokes, "Minerals of the Empire,"] and up to 1906 this output was confined to British territory. Our future production is assured, for Sir David Harris, M.L.A., Chairman of the Jagersfontein Mining Company, confidently asserts that present sources of supply will yield a further £250,000,000 worth—equal to thirty years of the present annual export. The output from elsewhere is scarcely a competing factor. In some quarters the most is being made regarding the deposits in German West Africa, which, it is

stated, ship thirteen per cent. of the total supply, but though of excellent quality the stones are small in size and compete only with their class. The diamond-bearing gravel is shallow and quickly worked out; already ninety-five out of a hundred companies having exhausted their claims. The government impose a tax of ten shillings per carat, and a heavy duty in addition, with an allowance—recently arranged—of five per cent. off the value to Berlin cutters. There is little to fear from this source, for not only is the alluvial area limited but the cost of production is high, and will probably remain so, owing to many natural and local disadvantages. Brazil is now an importer. India likewise is a buyer, not a seller. Americans for twenty years have failed to market their insignificant gems, and are unlikely to do so, judging from the reports of men competent to give an opinion, though a final test washing of 100,000 loads is now being undertaken. New South Wales in forty-five years has produced less than £150,000 worth, and Mr. Ralph Stokes says “the stones are small, of little more than scientific interest, and the fields do not appear destined to gain greater commercial distinction.” Recent reports are to the effect that Amsterdam has put up money to thoroughly test the occurrence. It is worthy of note, however, that the Australians have already decided that if the long-tried river drift deposits near Inverell, N.S.W., prove payable the cutting must be done in that country. This is a lesson in determination for us. British Guinea is another “bogey.” Its record in twenty-five years was 740,000 stones, weighing 49,000 carats, worth £68,000. Rival diamonds averaging 15 to the carat should not frighten even a Cabinet Minister. So far the field is, fortunately, still ours, and the world must come to us for ninety per cent. of its requirements.

The Rt. Hon. General Botha pronounced emphatically that “Whenever the raw material was found they should encourage industries.” Other Ministers and public men have said the same thing, but practical recognition of the principle is sadly wanting. The Premier also wisely points out that our diamonds and gold are diminishing assets, demanding agricultural and industrial expansion to make up the loss. But where are our factories? They are few indeed. Dynamite, though made from imported materials, is protected, and now there are three successful works supplying all the explosives required, at a lower price than before, and even exporting to other countries. Our protected Ostrich industry now returns annually an income of two and a half millions. But uncut diamonds, for long our monopoly, have been flung at the feet of Europe for forty years. Shall we go on doing it? Nearly twenty thousand white workers—men and women—are engaged in cutting and polishing our raw product. It may surprise the reader to know that the nine million a year diamond mining industry employs scarcely more than four thousand white persons, exclusive of river diggers. The wages earned by cutting exceeds four millions yearly, but the amount paid to all diamond miners, both white and black, is under three millions—probably under one million to the white workers. It is impossible to give the exact figures because the companies conceal the wage expenditure in a general statement of “Costs of Mining and Washing.” This may be unintentional. It costs considerably more to cut and polish diamonds than it does to mine them. It is not too much to say that Europe and America derive the greater advantage from our diamond mines, while responsibility for their security, and defence if need be, devolves upon us entirely.

Mr. Gardner Williams says of America: “At the start only foreign workmen were engaged, but Mr. Henry G. Moore, of Boston, succeeded in training American women to a high state of proficiency as lapidaries, which rivalled the best foreign work.”

“LAND OF CAN'T.”

That diamond cutting is an art requiring technical training, and expert knowledge, is true, but not to the extent that some would have us believe. It is no more difficult indeed, and calls for no more training, than that of any efficient compositor, and the technicality of gold mining is probably quite as great. The entire process was demonstrated long ago, at Kimberley, by Mr. de Jongh (now cutting at Johannesburg), by Mr. A. Judlin, at the places mentioned, and at Pretoria; while Messrs. Lavine Brothers also proved to interested and admiring crowds in these two centres the feasibility of the industry. For more than a year a clever Belgian and his fair daughter carried on cutting, for the Lavines, in full view of the public. There is no real difficulty, save the apparent impossibility of awakening an apathetic people to a knowledge and appreciation of what this country is losing—to a sense of its golden opportunity flung away.

But cutters must have stones to cut, and the controllers of the output, the producing companies, choose to sell rough stuff to Amsterdam, Antwerp, Paris and New York, but absolutely decline to sell for cash to cutters of Johannesburg. Why do they refuse? Is it because if five make a living fifty may come, and five thousand follow? Do they fear a strong and prosperous industry? Again, why? So Mr. Judlin and Messrs. Lavine sent their men back—and very loth were they to go—but they gave the contradiction for ever to the parrot-cry: “You can’t cut diamonds in South Africa.” That cry to an American, or Australian, would be an incentive to prove it wrong, but “you can’t” paralyses the Africander.

The Editor of the “Sunday Times” is caustic about this *trait*:—

“In South Africa’s political dictionary the word “Can’t” seems to be printed in very large type. Anyway, it is used with extraordinary frequency by our public men. From time to time one is assured that white men can’t work in this land, that settlers can’t succeed on the soil, that immigrants can’t be attracted, and that pretty well everything which is done with a fair amount of ease in other parts of the world can’t possibly be accomplished in this hopeless country. This assumption of helplessness is regarded in some quarters as a sufficient reason for refusing to raise a finger to establish a diamond cutting industry in South Africa. It is agreed that such a business would be an excellent thing. It is admitted that the wages paid are good, and that a large amount of highly skilled white labour is employed.

But when you discuss the matter further you discover the old obstacle. It can’t be done here. Why? Because it can’t. Whereupon the objector relapses into a triumphant and impenetrable silence. The national spirit of which some of our politicians boast is evidently a flabby affair. South Africa for the South Africans’ is their war-cry—and all the time they are afraid to demand a legitimate industry to which South Africa is entitled, for fear of offending the Diamond Buying Syndicate, or De Beers. Our extreme protectionists would tax the food of their own people—but not other people’s diamonds. Our



industrialists demand that the raw material found in the country should be worked up in the country—except diamonds. Our fervent Afrikanders rail against foreign capitalists—and touch their hats to cosmopolitan millionaires dealing in South African diamonds cut in Amsterdam. Before very long there must be a general election in the Union. And we want the public to prepare now to fight this matter out to the bitter end. Are South Africans “papbroeks” compared to Americans and Germans, that they cannot raise a finger in defence of their own industries? . . . The people must stand up for themselves. The financiers and their parasites, and the subsidised newspapers, never will. The jelly-fish politicians will not. They will all trot out their old reasonless, hopeless, helpless excuse—can’t. These people would be willing to re-christen South Africa the Land of Can’t.”

MANUFACTURED OBJECTIONS.

All are not supine or indifferent. In 1909 a Petition, largely signed, was presented to the Transvaal Parliament and the Botha Government instructed an official of the mining department to devote a portion of a holiday tour in Europe to an investigation of the diamond industry. The substance of his report has been published in the form of evidence put before the Commission on Trades and Industries, presided over by Sir Thomas Cullinan, Chairman of the Premier Diamond Mining Company—which had repeatedly refused to sell rough stones to local cutters. The decision arrived at in reference to diamond cutting is thus recorded :—

“ The Commission considered the question whether the diamond cutting industry could be established in this country, and to this end obtained the advice of Mr. Warington-Smyth, M.A., F.G.S., etc., etc., the Secretary for Mines, who had made a study of the subject at the instance of the Government, and his enquiries go to prove beyond doubt that if any attempt was made to compel the cutting of diamonds in this country, it would be attended with disastrous results to the diamond mining industry, and in the conclusions this gentleman arrives at the Commission concurs. Mr. Warington-Smyth has, however, put his case so clearly, and the subject is of such importance to the country, that the Commission attaches this gentleman's evidence as an annexure to its report.”

It is the only evidence that obtained such a position of honour, and evidently the Commission was impressed by, and satisfied with it. The report covers four typed foolscap pages, and is too lengthy to reproduce here in its entirety, but it is not difficult to give a fair *precis*, with full quotations of the vital points.

Mr. Warington-Smyth said that on the whole the result of his enquiries had been discouraging, on account of the complicated character of the trade, and the difficulty of obtaining really first-class cutters for this country. Then follows a lengthy account of the trade, which is described as being “ highly technical.”

“ Capital,” he says, “ is involved at each stage ”; the amount of credits required “ being estimated at very little under fifty millions sterling.” The very kernel of the evidence is as follows :—“ Unfortunately there are two very powerful weapons in the hands of the European industry, in case the Union should impose a high export duty on the uncut gem. The first is the high wage paid in Europe, the general rate of pay being about four times the average wage of other trades in Holland. This means that the diamond cutter in Holland can afford to see his wages reduced by seventy-five per cent., and can still live at the standard of most other handicraftsmen in that portion of Europe. There is not the least doubt that the workers in the industry would be prepared to make great sacrifices in this direction for a reasonable period, in order to under-sell the rival cutter seeking to remove the main industry from Europe to South Africa.”

“ But the most powerful weapon in the hands of the European trade is the very high percentage of stock carried by the trade. I was informed—and I have no reason to doubt the approximate accuracy of the statement—that no less than seventy-five per cent. of the total production of the world is to-day in the hands of the trade, there being only about twenty-five per cent. in the hands of the public. There is no wastage in diamonds, and the imposition of a high export duty would therefore tend to stop South African production for some years. The trade in Europe would not suffer, but would proceed to draw on the very large stock in hand, which would be ample to meet the requirements of the market for many years. . . .” After referring to the opposition of buyers and brokers, as well as cutters, to any change, Mr. Warington-Smyth goes on to say that the President of the International Cutters' Union expressed the opinion that “ the workers generally recognised South Africa's right to try and capture a portion of the cutting industry, and the Workers' Union would even assist the development of a small cutting school in South Africa attempting to meet the requirements

ALL MR. MALAN SUGGESTS IN ORDER TO ESTABLISH A DIAMOND CUTTING INDUSTRY IN SOUTH AFRICA IS THE OPENING OF A DIAMOND CUTTING SCHOOL—



of the South African market, by allowing any of their members to go to South Africa under their usual rates, and, so long as the South African industry was not too formidable, the industry in Europe would probably not show any hostility." The conclusion arrived at by this gentleman was that a small cutting school is practicable, adding:—"I do not think that the illicit diamond bogey is a serious one, and a modest beginning under strict government control would, I believe, receive encouragement and even assistance from the cutting industry in Europe rather than the contrary." The average wages in Holland are given as:—Cleavers, £8, in certain cases £15 per week; polishers, £4 to £5, and girls and apprentices cutting "roses" 25s. to £2 per week.

This is a condensation of the evidence on which the Commission based its rather inconclusive decision. The difficulty of obtaining good cutters from Europe has been proved to be imaginary; they have come, and more have expressed a willingness to come, while America has experienced no difficulty in obtaining all it wants. Wages in America are higher than in Europe, and so the very best cutters have been attracted, and Americans now claim that their gems are the best of any cut. This proves that more highly paid cutters compete successfully—on a differential duty of ten per cent. on cut, and rough stones free—with European factories, for it is idle to suppose that even American patriotism would rise to the height of paying more for gems cut in their own country than for those imported. It is indeed difficult to believe that the European worker would consent to his Association dropping wages to one-quarter the present rate, in preference to moving to this country, where, under an efficient export tax, the full amount, or even more, could be earned, with certainty of employment because of the protective duty. In such a case, the diamond cutters of Europe would be paying our duty, without really ensuring their trade. What the in-

investigator lost sight of entirely was the fact that cutters in Amsterdam are not kept constantly at work, many are often idle, and the average continuity of employment is probably not more than three-quarters of the working year. Those who come here could be assured constant work, whatever happened to others in Europe.

THE MONEY QUESTION.

The capital required for credits of the trade, estimated at fifty millions, would mean, taking the increment after leaving our shares at fifty per cent., carrying five years output, but the "Cape Argus," probably also informed, says:—"It has been estimated that something like fourteen millions of money are employed in financing diamonds." After reflecting for a further period the "Cape Argus" [Feb. 5, 1913] thinks its figures too high, and, referring to the American crisis of 1907, observes:—"For more than a year during the great diamond slump the syndicate were carrying stocks of the value of six millions." Even this, on the face of it, is incorrect. If the Trust had found six millions, members would have sworn on their honour that it was at least twenty. And what is the testimony of Mr. Oats of this, the very roughest time the consolidated industry has experienced:—"The Diamond Syndicate declined to exercise their option under the then existing contract for the last six months of the year, thereby putting an end to the contract, which otherwise would have had some years to run." That was the "financial assistance" given, so De Beers "deliberately reduced operations to about thirty-five per cent.," and "sacked" a number of its men. The Syndicate looked after itself, and amply recouped itself for any small loss suffered (which was limited by its refusal to go on buying) by the higher price of good quality diamonds after the crisis. It risks little but profits much. Whichever may be right of these disagreeing authorities the fact remains that as an argument one might just as well instance wheat, wool, cotton, hides, or bark, as demanding capital, for all commodities are "financed" until the consumer is reached, who pays the entire bill. There is seldom any difficulty in arranging credits for products in constant demand.

It is obvious, and simple to every business man, that financing any trade covers just the time it takes from producing the raw material to the finished article being sold. As banks readily lend cash against all produce, including diamonds, it follows the financing needed is just the provision of current interest. Some dealers may prefer to use their own capital, not fifty millions, fourteen, nor six, but the interest on half-a-year's output the Syndicate and the trade may probably find before the consumer pays every penny of expense and profit. The Trust is ever posing as patrons and purchasers, whereas the members are intermediaries securing a safe profit. To quote the "Berliner Tageblatt": "It exploits a monopoly."

FICTION AND FACT.

Coming to what Mr. Warington-Smyth describes as "the most powerful weapon" against our ambitions, one is confronted with an extraordinary state of affairs, if correct. He is explicit, and "has no reason to doubt its approximate accuracy." No less than 75 per cent. of the total production of the world is in the hands of the trade, only 25 per cent. having been sold to the public. "So he was informed." If this were true, farewell to our hopes, and farewell indeed to diamond mining. The total value of the world's cut diamonds is estimated, by Mr. George F. Kunz, the diamond expert of Tiffany and Co., of New York City, at two hundred millions sterling, at least half of which is owned in the United States; and the export from South Africa (uncut) has reached just seventy-five per cent. of this sum; so it logically follows that the whole of our product for forty years is still in the hands of the trade. Amazing! What then have our American customers been buying all these years? Where have South America and India and Australia—to say nothing of Europe—been buying gems? To accept the figures the "trade" must be financing diamonds to the extent not of fifty, but one hundred and fifty millions. But, of course, it is not so. About the very time

that our Secretary of Mines was being supplied with this wondrous inside knowledge, the Chairman of De Beers, Mr. Francis Oats [Dec. 10, 1910], was placing the real situation tersely before shareholders as follows:—" Bearing in mind the fact that stocks [of diamonds] are practically exhausted—as members of Syndicates will tell you that stocks in hand are very little more than are absolutely necessary for the purpose of carrying on business—we shall in the future obtain a better price." The prediction of a good market has been abundantly verified. Addressing shareholders at De Beers meeting as far back as December, 1908, Mr.

Oats observed: " We do not think that anyone interested in the trade would thank us for producing more diamonds than the world wants. Such a policy would utterly disorganise the diamond trade. The arguments for regulating our production to the world's demands are unanswerable. This is no new policy. It is a traditional policy, as old as the Company itself."

Sir David Harris is another witness. Speaking in September, 1909, he said:—" At no time, as a matter of fact, did De Beers or Jagersfontein overload the market. They sold only that quantity of diamonds which purchasers were prepared to take. Of course the Syndicate did not go on buying unless they could sell at a profit."

Addressing the annual meeting [October, 1912] of the Johannesburg Consolidated Investment Company, after quoting the opinion of Mr. S. B. Joel, to the effect that the prospects for diamonds had never, in the history of this country, been so favourable as they are to-day, Mr. Gustav Imroth, his local representative, said:—" Being, as we are, interested in De Beers, Jagersfontein, and the Premier Company, I am in the fortunate position which enables me to take an impartial view of the merits of the three producers which control the diamond industry of the world. It has been said that their interests are conflicting. Such is not the case, gentlemen. We are all actuated by the same motives, and these are to place on the market only such quantities of diamonds as we believe the world will absorb; to produce them at a minimum cost; and to dispose of them to the best advantage of our shareholders. . . . A further factor which in my opinion will materially help to strengthen the diamond position is that new channels are being opened up which are absorbing diamonds. The wealth of the world is increasing, and an article of luxury like the diamond, with its extraordinary fascinations, is becoming more popular. It is generally recognised that the production of this article of luxury, being as it is in such few hands, is eminently suited to the control of a combine, not only in the interests of the producers and the revenue of this country, but to everyone interested in diamonds, and I feel confident that such a combination must come about."

It is a pity that the Commission did not have an opportunity of comparing the information given to, and by, the Secretary of Mines, with the obviously more dependable statements of Mr. Oats, and Mr. Imroth and Sir David Harris. Even without such testimony it is difficult to see how that official was so grievously misled. Unfortunately the Government turn to the same sources of information when they require knowledge on the question, and Members of Parliament introducing the matter are promptly treated to a ministerial cold *douche* of discouragement, drawn from the unfailing fount of inspiration. When all old objections are met Ministers go and get a few more; never by any chance do they labour to overcome objections. Their solicitude for syndicate, and shareholders, and distant stock exchanges in Europe, is exemplary. Possibly some day one may arise—like Seddon, of New Zealand—who remembers South Africa and its own interests. We need something besides " a glorious climate and a splendid future." We too have people to consider. Can we reasonably expect anything from London and Amsterdam, in " facts and figures " other than as a means to deprecate local effort—save, of course, the only effort demanded of us, viz.: to persistently cheapen conditions that govern the cost of producing rough diamonds? That is our duty! With mechanical methods now replacing hand-sorting; convict labour guarded by men also at work; and the low wage Basuto, the Buying Trust may rely on getting cheap diamonds—a favour not passed on to the consumer.

CONTROL.

If the output from mines were limited, and controlled, officially, it would be better for shareholders, better for diggers, better for the Treasury, and infinitely better for the future of the country. Speculation, in the hands of selfish financiers, would be replaced by conditions ensuring confidence and stability. This is statesmanship—but we have lawyer, and lay, political practitioners.

POOR MEN MADE AFRICA

Industries alone mean white workers, and their value is incalculable. Few remember that Rhodes came to Natal comparatively poor—clergymen's sons usually are—and lost his little means in unsuccessful sugar planting, yet his worth to Africa cannot be reckoned in millions. The worth of an individual is "on the knees of the Gods." Any batch of immigrants may contain the "maker of a continent," and that is why men are more than money to a young country—diamond polishers rather than diamonds—workers better than goods. The world is welcome to our gems and gold, but we must have in exchange some of its unwanted whites. Not all the text-books on Free Trade will teach how to induce people to come to a new country except by ensuring them profitable and continuous employment.

USEFUL EXAMPLES.

Other countries give us leads worth following. M. and Mme. Curie of Paris discovered the rare and valuable mineral Radium, but it was found that the supply of pitch-blende containing it could only be obtained in Austria, and that country immediately prohibited exportation except as a finished product, so as to retain the advantage of manufacture. If the raw material had been in South Africa we would have proceeded to mine it with blacks at the lowest possible cost of production for the benefit of Europe.

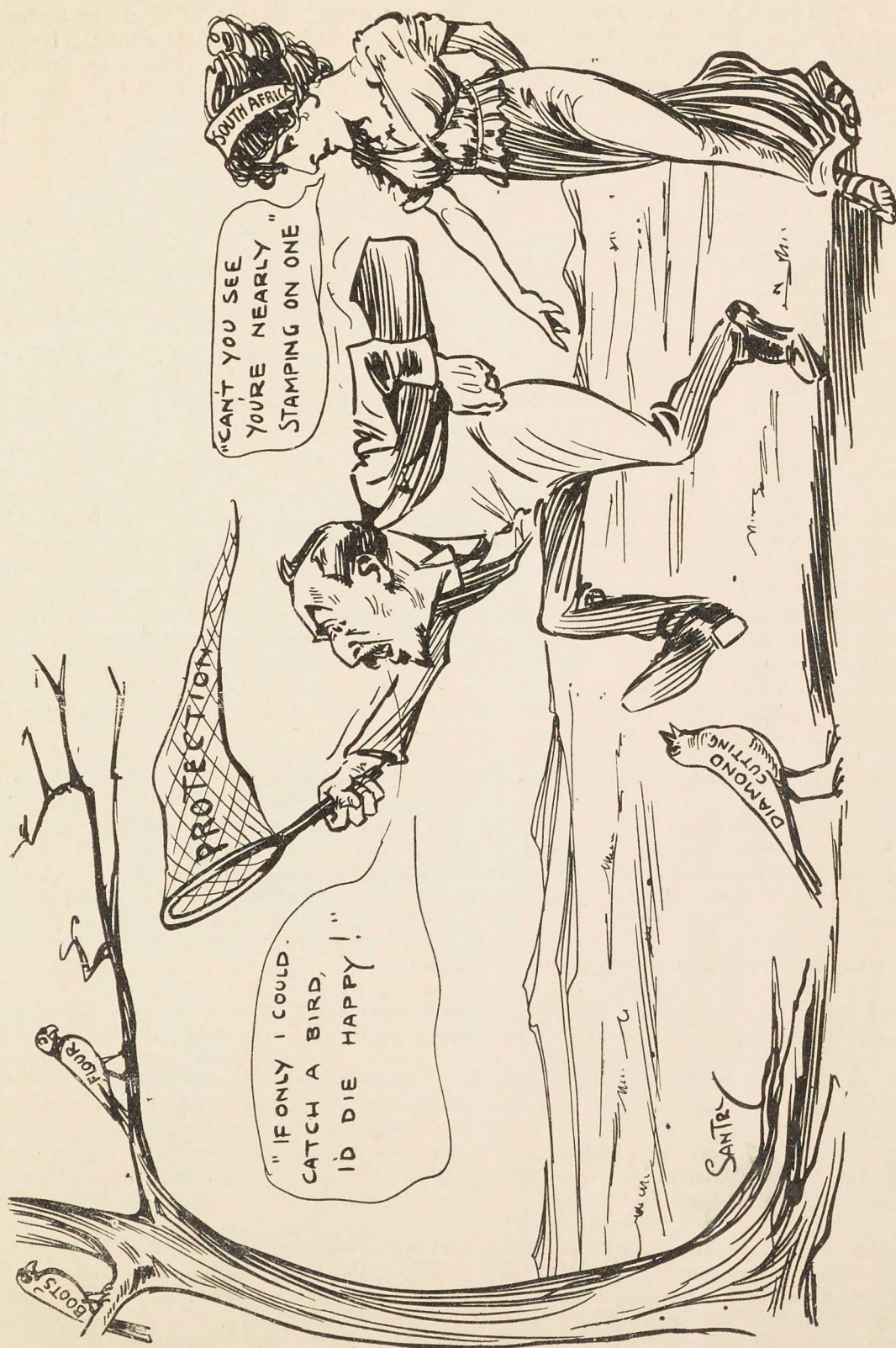
The Prussian Government preserves its own Amber monopoly.

For many years the British gathered a substantial sum from the profits of companies selling rough diamonds in London, the aggregate of the impost running into very large figures; and a heavy income tax is paid by the Syndicate that is piling up wealth on our cheaply-mined product. We are apparently of those who are "friends to every country but their own."

Even Free Trade Britain has taken a dose of protection—and likes it. The Act by which Mr. Lloyd George compelled manufacture of patented articles there, to secure the rights of patent, resulted in the introduction of millions of capital, mostly German, and the erection of numerous factories. Those articles before had been made abroad, and imported free.

We have an example in our own Ostrich feather farming, which, under prohibitive protection, has resulted in an income of £2,500,000 yearly to farmers. Recently General Botha declined to accede to the request of the Premier of Australia to allow the export of birds and eggs, and Parliament applauded the refusal. Self-preservation is justifiable; it is essential.

Here is another interesting comparison, bearing on the comparative value of industries:—The newspaper and printing offices of the Union of South Africa employ over four thousand whites, on a capital of one-and-a-half millions. The market capitalisation of our diamond mines is nearly fifty millions, yet they employ fewer white workers. The printing industry, from a white labour point of view, is thirty times as valuable as diamond mining.



Jersey, one of the British Channel Islands, to secure the monopoly of its trade in pure-bred cows, prohibits exportation of Alderney bulls of pure breed.

Chile is an object lesson. It enjoys a partial monopoly of nitrates, as we do diamonds. The cases are very similar, but how different the action. The Chileans put on a very stiff export duty, and for years have collected millions a year. In spite of competition with other fertilisers, and consequent lowering in price, the export in 1911-12 reached twenty millions and returned over four millions sterling to the treasury. The Government controls and prevents over-production. In 1908 there were 154 refineries, employing over 55,000 workers; and of twenty-eight millions invested British money accounted for eleven. Mr. H. M. Kahler [*"Sunday Times,"* Feb. 16, 1913] writes:—"These nitrate beds have paid heavily into the national treasury, have hastened the speed with which that remarkable country has progressed, and have really served as the actual foundation of a great share of Chile's past, present, and future prosperity. . . . The Government compel a division of the profits of the beds between the owners and the nation, by the simple means of levying a heavy export tax upon the product." His conclusion sounds also a note of warning, which is significant to us:—"Exhaustion is inevitable—renewal impossible. The day will come when the nitrates pay no tax to the Government and the case, therefore, like that of all other minerals, save one, is no exception to the rule that mineral resources are at best but temporary creators of national prosperity." Meanwhile Chile makes the most of its opportunity. The export duty is about 33 per cent. on value shipped. During the past forty years the revenue, derived from duty only, exceeded £120,000,000. A comparison with our forty years of diamonds is distressing, or should be, to "our old parliamentary hands." We talk about a little Union navy; Chile has hers, with two fine "dreadnoughts" and another on order. Its population is far over three millions, exclusive of Indians, and its revenue fourteen millions. It is a protectionist country. Our "pundits" would have us scorn such a policy, pointing out learnedly that an export tax falls on the producer. Well it does not in Chile. Is it in South Africa only that the consumer would escape paying? It may be said that radium, amber, inventions, ostriches, and nitrates are not diamonds. True, but the principle underlying these instances is the advantage, first and foremost, to the country of production.

I.D.B.

An objection, frequently urged, is that diamond cutting is likely to lead to an increase of illicit buying. This is an excuse rather than a reason for non-action. The risk of more crime never deters from opening another diamond mine, the creation of a bank, or the building of a new town. The bad is taken with the good. But the objection comes with a very bad grace from those for whose gain and advantage the most drastic of I.D.B. Acts was passed: a measure that cuts almost at the root principles of British justice, and has been the precursor of an atrocious system of trapping which now manufactures criminals and fills our prisons. We have conceded enough in this alone to warrant our demanding every consideration for the welfare of the country, as some exchange.

Mr. Warrington-Smyth, who is mentioned here again because of his authoritative position with the Government and the Commission, does not make much of this "bogey," acknowledging the obvious fact that every factory can be brought under control and supervision, equal at least to that exercised over licensed buyers. Any respectable person is entitled to take out such a license, just as, even at present, any qualified man may be licensed to cut diamonds. The right is there, it is the practical possibility that is wanting for the latter. So many of the I.D.B. fraternity have, after all, turned out to be "not such bad fellows." There are notable instances—some even in London to-day—proving, in their positions of respectability, how virtuous even illicit buyers may become. "The reformed poacher makes a vigilant keeper."

HOW TO SUCCEED.

The effective solution of the problem, how to transfer at least a portion of the industry to our shores, is first of all to accept the principle of the adoption of a differential export duty on rough, as against cut stones. Do we require any better object lesson than America,

where hundreds of men are now established cutting our gems? Recently "The Times" said "shoals of cutters are leaving" for that country. But it is said they will not come here. Of course they cannot, unless work is ensured to them, as it could be by the proposed export duty. The extent of the success to which we might attain would be in direct proportion to the export duty imposed. As we enjoy a practical, if not quite an absolute monopoly of uncut stones, it is logically certain that prohibition entirely of export, in the rough, would transfer the whole industry. Advocates for the localisation of this trade do not ask for anything so drastic; they would be content with obtaining something less, even as an ultimate aim, but they want a large and very substantial share. The disparity not only in number, but in the amount earned, by white workers in Europe compared with the payment and number employed here, is too great to allow us to rest content. It is so manifestly unfair a division of our "cake." This is quite apart, too, from the immense fortunes made by members of the Diamond Buying Trust, or the profits of merchants, dealers, brokers and others engaged in the trade; and counts nothing of the business in cut stuff, which would be partially transferred to South Africa.

The outstanding feature of the proposal is that if the duty proved effective thousands of working families would be brought here; and if it failed in that object, as it might—if too low—or if producers persisted in their refusal to sell locally, and were not compelled so to do, the Treasury would benefit to the extent of the duty. We win either way. At present we enjoy a monopoly of production, but the monopoly of profit is practically the possession of those who reside elsewhere. This country is undertaking an extensive defence system, as much for the benefit of the mines as for the people, and if five thousand families were introduced to cut and polish diamonds, at high wages, they would be partners with us in bearing the burden. It is unlikely that members of the Syndicate will ever take part in the defence of this, or any part of the Empire, and the only way we can place responsibility on them is to make them collectors of an increased price of diamonds, that increase coming to us either in cash or in workers—the latter for preference. Even hoary-headed Free Traders must admit that consumers of a luxury of luxuries will pay any increase in cost. Some of them can afford to. Mrs. Anthony, of Indiana, who has been compared with the Queen of Sheba owing to her lavish display of diamonds, and who in New York recently wore shoes with heels studded with diamonds, will be attracted rather than otherwise by a rise in price of these gems.

The extent of the duty is a question for serious consideration, but it must be high enough to be effective. There should be a minimum per carat so as to check the continued export of boart, and cheap and small stuff. Rhodes is credited with having said that it should be flung overboard into the sea. The export of rubbish is greater than in his day, owing to the improvements in mechanical recovery by grease-tables. In spite of higher prices the average value is pulled down until people really believe that diamonds are becoming cheap, an impression that might be removed with advantage to all concerned in the welfare of mining in South Africa.

CONSIDERATION OF COSTS.

Almost the whole of the Press of South Africa is under control of the financial interests which exploit us. Magnates press the button and their editors do the rest. On this question mostly the latter are kept silent, but occasionally they are supplied with "facts" for publication. One of these organs of freedom, light, and learning, recently urged the following objection:—"In order to cut 10,000 carats of average quality South African diamonds per month, a factory costing about £40,000 is required, where 600 workmen would be employed. To deal with the entire output 26 or 29 factories of the above size would be required, costing over one million sterling. From what source would all this capital or any part of it be forthcoming?" It will be seen, even from this, how very little capital is wanted; 1,500 workers being provided for at a less expenditure than a hundred thousand pounds. Compare it with the amount required, and forthcoming, to work one big Rand mine employing fewer than five hundred white men. The condemnation is really argument in favour. This is the situation: the output of diamonds in South Africa during the next thirty years will cost

to cut and polish fully one hundred millions, and under an effective export tax on rough stones the Amsterdam capitalists would rush here to secure and retain their trade, or suffer extinction. That is how it would work in any other country, and why not here?

As a matter of fact mills and factories cost comparatively little for the nature of the work, far less indeed than printing works. Many factories in Amsterdam are veritable rookeries, from which it would be a blessing to transfer workers to a land of sunshine and fresh air.

It has been said, by some who should know better, that under a protective tax only inferior diamonds could be cut here, and by inferior workmen, owing to a possibly higher wage paid. The opposite is the case, as proved in America, and very little reflection will show that our experience would be similar. A high wage works out less, relatively to value, on a good stone than even a low wage rate on one that is poor. To cut a £50 stone may cost only ten per cent. while one of £10 may cost fifty per cent. more to cut; it is the good stone that has the larger margin for cost of cutting.

Let us take another comparison, based on duties that have been mentioned, the diamond selected being neither large or very small, and the quality only fairly good.

I.

Effect of 25 per cent. export duty (at Amsterdam) :—

3 carats (rough), £40.	£10 duty.	£3 cutting.	£53 cost.
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II.

* Effect of Hon. Malan's $37\frac{1}{2}$ per cent. duty (at Amsterdam) :—

3 carats (rough), £40.	£15 duty.	£3 cutting.	£58 cost.
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III.

Effect in South Africa, taking cost of living, and of labour, at *double* that of Europe :—

3 carats (rough), £40.	£6 cutting.	£46 cost.
Selling price in favour of South Africa, I. ...	...	£7
" " " " " " " " II. ...	...	£12

* In Parliament the Hon. the Minister of Mines said that living being twice as dear an export duty of $37\frac{1}{2}$ per cent. would be requisite to establish cutting here. He is unfavourable to the project.

WHY THE TRUST OPPOSES.

The real reason, at the very bottom of the opposition to our enjoying even the smallest portion of the cutting industry, needs to be explicitly stated, and requires some little study to be understood. It must be borne in mind that the lower the price, at which the Syndicate buys, the greater their margin of possible profit. Now, if they once agree to cutters here having an open local market, buying at the price the Trust buys from producing mines, it will be found—as was proved—that locally-cut stuff can be sold profitably not only in South Africa but in London, Paris, and elsewhere. This information, showing intermediate profits, and the possible capture thereof, does not suit the altruistic gentlemen of the Combine, whose love for South Africa is so pronounced that they finance fifty millions at any time just to

help us along. No. The "ring" does not want us to know too much. The smallest factory here is therefore discouraged, and, though the public owns three-fifths of the Premier Mine its directors refuse to sell stones to local cutters. The reason is plain to thinking men: they are not afraid of cutters refusing to come, but that they might decline to stay away.

Recently it was announced that the "house of Barnato" has acquired a large interest in the Premier Company, and Mr. Imroth has stated that the firm is "inside" Jagersfontein and De Beers Companies also. This is followed by the following *Reuter* cable:—"London, Thursday, Oct. 17: It is reported that De Beers Consolidated and the Premier (Transvaal) Diamond Mining Company have extended the recently concluded price convention to a general convention to control the trade and obviate a crisis during the hostilities in the Balkans." The term "general price convention" is euphemistic and soothing. It is all for our good. South Africans may not see where they "come in," but they exist merely "as a joke and derision." Is it not enough? The action of the Combine is based on common-sense of self-interest, even if it be dominated by greed; but for ourselves—well, we should go and sit at the feet of Chileans. We do not deserve to have a country. And there is always a danger of some new discoveries—we have had our chance for forty years, but even Providence may tire of flinging opportunity beneath our clod-hopper feet.

THE ENDLESS CROP OF OBJECTIONS.

Most of the obstacles, difficulties, and objections, raised for Mr. Warington-Smyth and others, have been knocked into the "ewigkeit," but the "interest" finds defenders who discover fresh "reasons," and these must be answered. Cabinet Ministers, unlike those of other countries, seem to delight in finding difficulties rather in solving them. The reason is not far to seek. They are administrative *Pashas*, uncreative and untravelled, kept occupied by heads of departments and clerks; their ambition gratified by the ability to "turn a deputation inside out." The only way to convert these leaders to any policy, is to convert the people first. With almost no exception they know nothing personally of any country but their own, England, and a bit of the Continent. The newer countries are as the Arctic regions to them—places they have heard about. Well, every country is said to be cursed with the government it deserves, and we deserve one worse than that we have.

Ministers say that if diamonds are made dearer, people will not buy to such an extent. But nobody wants them to be cheap, certainly not the dealers. Mr. Gausel, of the firm of Rothschild, stated that the world's market was willing to pay the diamond producers of South Africa more for two hundred thousand carats a year than they would pay for three hundred thousand. Mr. Oats expressed the opinion that "that proposition is substantially as true to-day." [Dec., 1908.]

The price has been steadily rising in spite of an increasing output. Recently *Reuter* cabled "on the authority of a Hatton Garden diamond merchant" that "during the past ten years diamonds had increased in value two hundred per cent." That is possible, seeing that the rubbish is pulling down the averages, so that values do not appear to rise. At all events the Premier Company in three years obtained an advance of sixty per cent., of which twenty-five per cent. was in 1912, and its output went up by over a hundred thousand carats; other producers having also an increased output. Yet facts do not convince. "The Argus" [Feb. 5, 1913] writes:—"A great rise in prices would inevitably mean a slackening in the demand, which would affect materially the producing industry upon which the Union depends for a very considerable amount of revenue, direct and indirect."

The Hon. Mr. Malan also accepts the same assumption, as the last word in wisdom. He is reported as follows:—"If they increased the cost of diamonds the prospective purchaser would not pay £137 for what was hitherto £100 worth, but would purchase less diamonds." This argument is specious but entirely misleading. Experience, not opinion, proves that prices of diamonds, advanced by limiting supply, does not limit demand; nor is

demand increased by cheapening diamonds. The article being a luxury of the rich, there is no such thing as "a certain amount" being spent in diamonds. The world will take the quantity it wants, and no more. Demand fluctuates with good or bad trade, as it does with all luxuries.

A parallel case is silver. Mr. Morton Frewen* writes:—"The industrial demand by silversmiths for this beautiful metal absorbs 156,000,000 ounces. This industrial absorption may be regarded as a fairly fixed amount. In years of good trade a little more; in lean years a little less; but just as with cotton, so silver is the raw material of a highly skilled and organised trade. If silver reverted to the old price (before 1873) of five shillings per ounce, the silversmiths' demand would probably be much what it is at half-a-crown an ounce.

The Minister conjures another "serious difficulty." "He found, from the investigations that had been made, that the cost of living in South Africa was about double what it was in Antwerp and Amsterdam, and to make an export duty at all effective it would have to be one of thirty-seven per cent." The "Diamond Fields Advertiser" seizes upon this argument with avidity. It may be true that living is twice as dear, say for the unskilled worker, but the higher one goes in the social scale the less the proportionate difference. For instance a "top hat" is not double the price charged in London. The wage-earner earning £300 a year in Holland may not require £600 here. And even if wages were doubled (cutters here only demanded a small increase on their Union rate of pay) it does not follow that the cost of cut diamonds will be doubled, far from it, as the figures given on a previous page prove. The fallacy is obvious. The Honourable gentleman did not disclose how he arrived at the fearsome thirty-seven per cent. impost, so it must be left at that. The German "menace" is being worked for all it is worth—and more. I have already dealt with it, but may here add that Germany itself, growing richer every day on protected industries, absorbs the greater part of its West African diamonds. Fortunately, too, the Government takes a very big "whack" out of the export, while it lasts. See also further information in supplementary pages.

There are other "shrieks." Many of them. The "Transvaal Leader" fears "the boycotting of our finished goods." The "Argus" paints a lurid picture of Government vainly trying to finance the industry



* "XIX. Century Magazine," January, 1913.

"with the American market for the time being as good as closed." Terrors increase upon terrors, until the "Diamond Fields Advertiser" moans:—"The whole conditions of diamond production and disposal constitute a situation of the greatest possible delicacy and complexity, artificial interference with which may easily spell ruin to all concerned." We are solemnly reminded of the debt of gratitude we "owe" to capitalists. Fiddlesticks! Most of them came here as poor as Pharaoh's monkey. One never hears of what these men owe to South Africa. De Beers shareholders have an increment on their shares of eight hundred per cent. and draw dividends of forty per cent. The Premier unfortunates are all in the position of turning half-a-crown into £12, and last year drew six hundred and fifty per cent. What we owe indeed! As for America's "retaliation": why had we not the courage to retaliate when it put on a protective duty on diamonds? But there is now a danger, in face of our proposed duty, that it might retaliate further, with a "prohibitive duty" on cut stones—"and what then?" asks a frenzied Press. Well, it would "bust" Amsterdam "as high as a kite," but, so long as American women wear diamonds, it would not affect us. Our cut diamonds would be cheaper than those of European competitors. Prohibition is the card in our hand, not in that of our adversaries, and, in a pinch, we can play it as the final "trump."

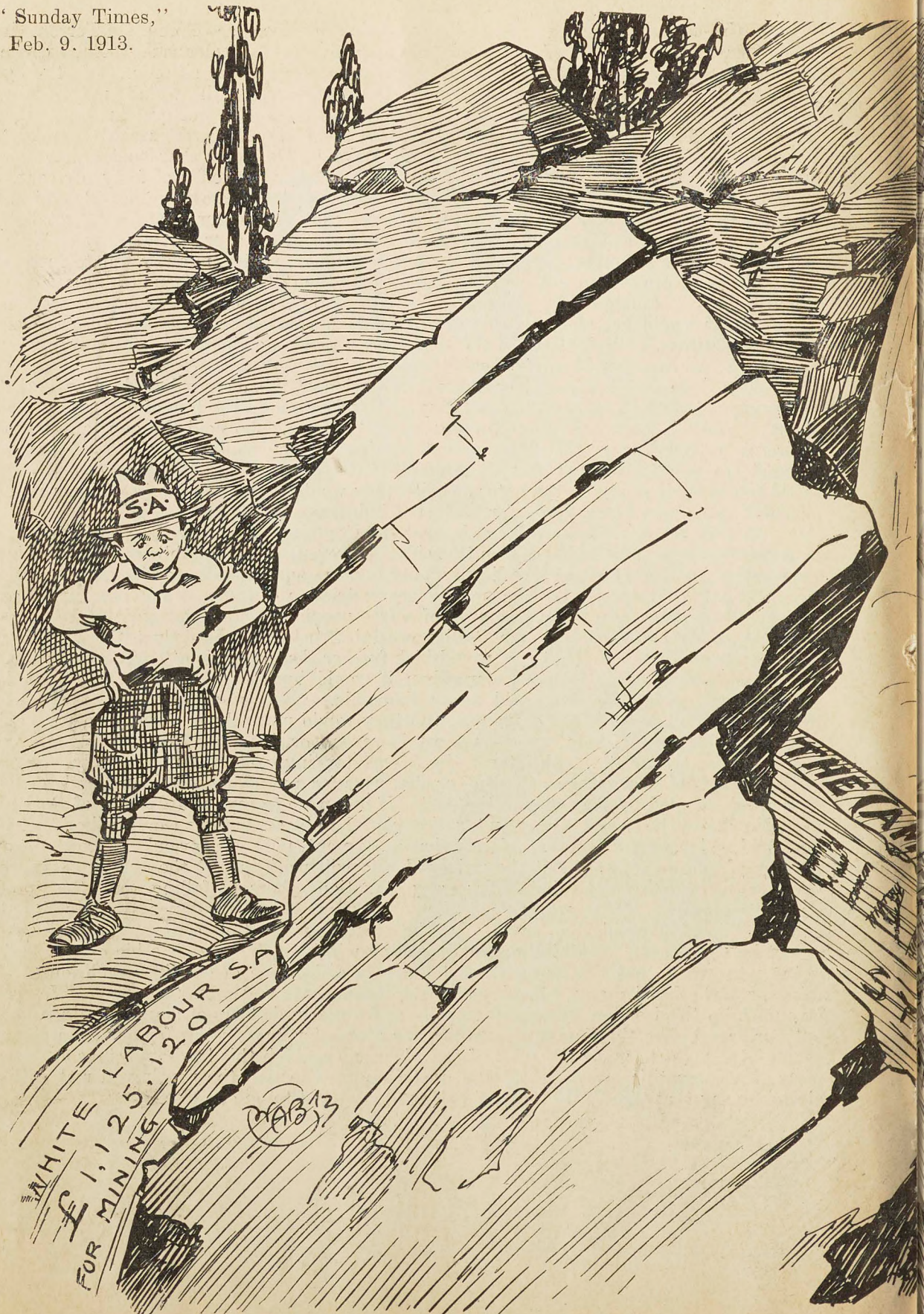
The "most delicate and complex" condition of the diamond trade may be set on a hair-trigger, but the London Diamond Buying Syndicate is in the line of fire, and will quickly shout "don't shoot, we are climbing down" if we, who hold the gun, are determined. There is no question of the Government putting up one shilling. As the Hon. Senator Munnik, in moving for a Select Committee of the Senate, said:—"The people interested would follow their profits to the gates of hell—they would even go inside." Money, adequate, plentiful, is always forthcoming for protected industries.

It may be urged, and with truth, that the Combine might pay the duty and still refuse to permit a single carat to be sold on this side, so preventing the establishment of the industry we want. In that case the Syndicate would become our tax-collector in Europe. But we have still a Parliament. We can prevent the restriction of trade. We can compel an open market—if we have to. The resources of a free people are not exhausted.

It is also possible that the "all powerful Trust" might deduct the duty from the price of the product. "That gun would kick further than it carried." The operation would hurt shareholders, their friends, more than it would hurt anybody else. We should still get the duty—so long as the world wants diamonds. But, as an obvious fact, the situation would be in the hands of the companies, and they would probably be the first to cut diamonds, as they could market them, secure against European or American competition, and without aid from any Syndicate. Whatever the export tax imposed, that it would be paid by the consumer abroad is as clear as that he, or she, pays for any added cost of production, as of the increase demanded by the seller in the past. If one were to say, to a director of De Beers, or to a Minister of the Crown, that any taxation placed on bioscope films would fall on the makers, he would be laughed at, and told plainly that repayment, to the full, would be exacted from the patrons of picture-shows. But the universal rule will work in just the opposite way, so they say, with monopolistic diamonds; any taxation thereof falling on the producer, and the miner. That we should be "dropping the substance to clutch at the shadow," as affirmed by some, is the teaching of the confirmed pessimist, and is met by the truism "Nothing venture, nothing win." The prize is a big one. And what is the very worst that can happen?—a temporary dislocation of existing conditions. South Africans have faced many difficulties greater than that, and won through. We want no favours from the London Buying Syndicate, or from shareholders of diamond mines; we shall put our case before the Senate Committee, as a plea for bare justice for our country and our people—the right to make the most of the advantages which this land enjoys, as against other parts of a competitive world. At the next General Election the power will rest with every elector to say that the word "shall" belongs to us, and to no one else.

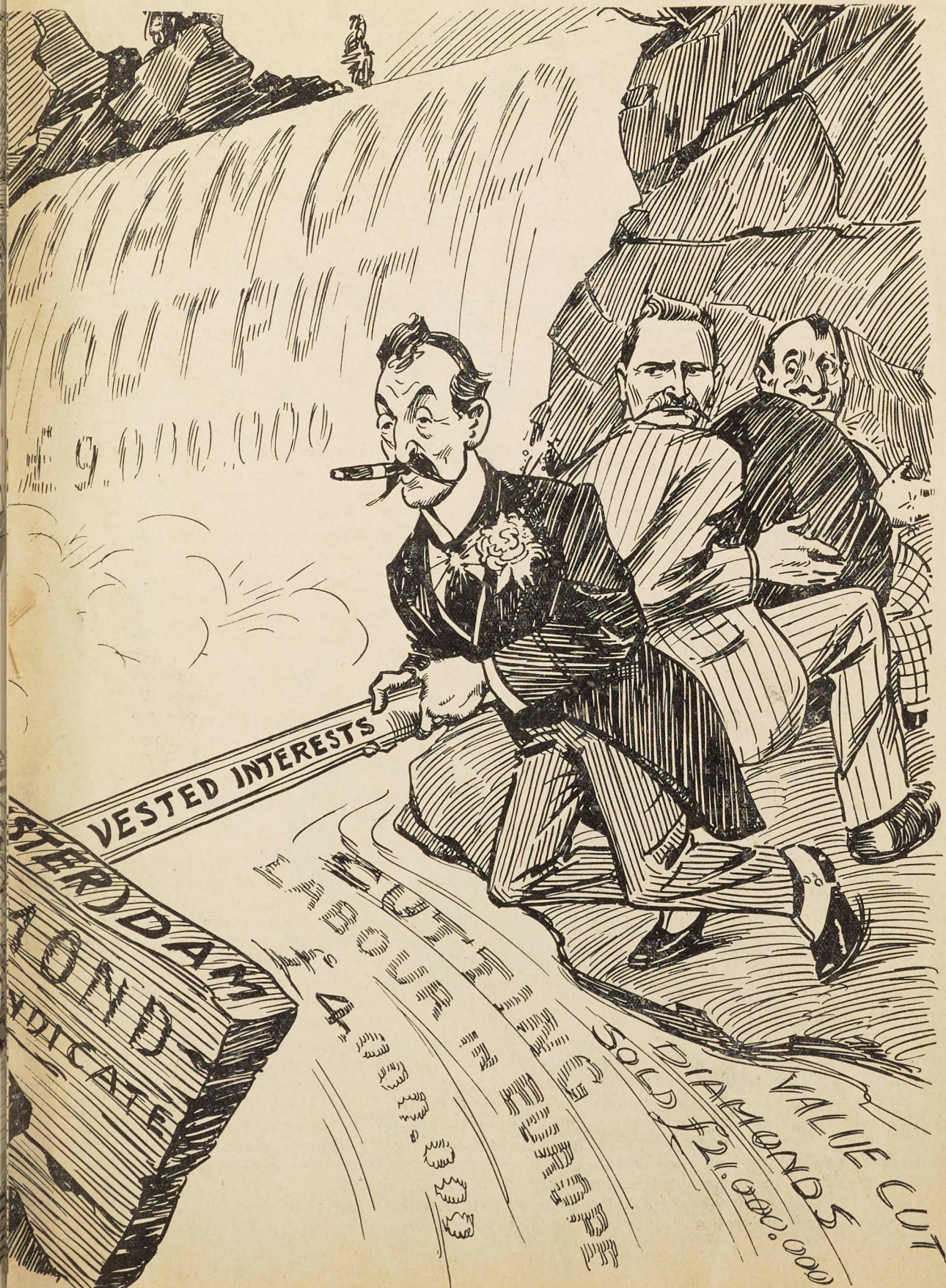
CAN THEY

"Sunday Times,"
Feb. 9. 1913.



YOUNG SOUTH AFRICA: "And this

SPARE IT ?



all I get from that big waterfall."

SUPPLEMENTARY.

From a mass of evidence, letters and articles in support of the project, space can be found only for the following extracts, which indicate the widespread interest in this question now manifested.

COSTS OF CUTTING.

COMPARISON OF WAGES AND LIVING.

(By A. JUDLIN.)

With an experience of over twenty years, as a diamond splitter and a diamond merchant, I believe I am in a position to give, with confidence, reliable information regarding the diamond trade and industry; and also of the relative costs of living here and in Europe. Taking it as granted that an export tax of twenty-five per cent. may be imposed on rough diamonds by the Union Government, the diamond cutting industry, established in South Africa, will enjoy a very great advantage over any competition from similar industries elsewhere, and that in spite of a possible fifty per cent. increase in the local price of labour, to be paid to the workers, to encourage their emigration to South Africa. For example, take a parcel of rough diamonds, very good quality, say twenty-five stones to one hundred carats, at a valuation from the mine of £10 per carat, to which price the duty of twenty-five per cent. must be added; this parcel will cost to the European factory, at very best, £1,250. The cost of finishing, according to the recognised Union tariff in Amsterdam—which is variable—is 10s. per carat, which brings the parcel to £1,300. It is admitted that diamonds lose in cutting an average of fifty-five per cent.; the result, after the operations, will be twenty-five stones weighing forty-five carats, costing nearly £28 18s. 0d. per carat. In South Africa the same parcel would cost £1,000, and no duty. Adding the fifty per cent. increase, offered for local cutting, the cost will be £75 instead of £50, bringing up the total cost for the forty-five carats polished to £1,075, or nearly £23 18s. 0d. per carat; a difference in favour of South Africa of £5 per carat, or over seventeen per cent. Admittedly the profit in the local industry would be less on inferior stones, the difference decreasing proportionately on the lower qualities. Taking one hundred stones, weighing one hundred carats, at £5 per carat, when finished in Amsterdam will cost, with duty added, £15 13s. 0d. per carat for the forty-five carats of polished goods; in South Africa the same goods, without duty, but with fifty per cent. increase allowed for labour, will be £13 15s. 0d. per carat; difference in favour of local cutting, £1 18s. 0d. per carat, or twelve and a quarter per cent.

These figures prove clearly that an industry established in South Africa would be very profitable, and also will have this advantage that the high-class goods, such as found at the river diggings, would be saleable at a price defying competition from Holland, and therefore better prices for such rough goods could be paid here.

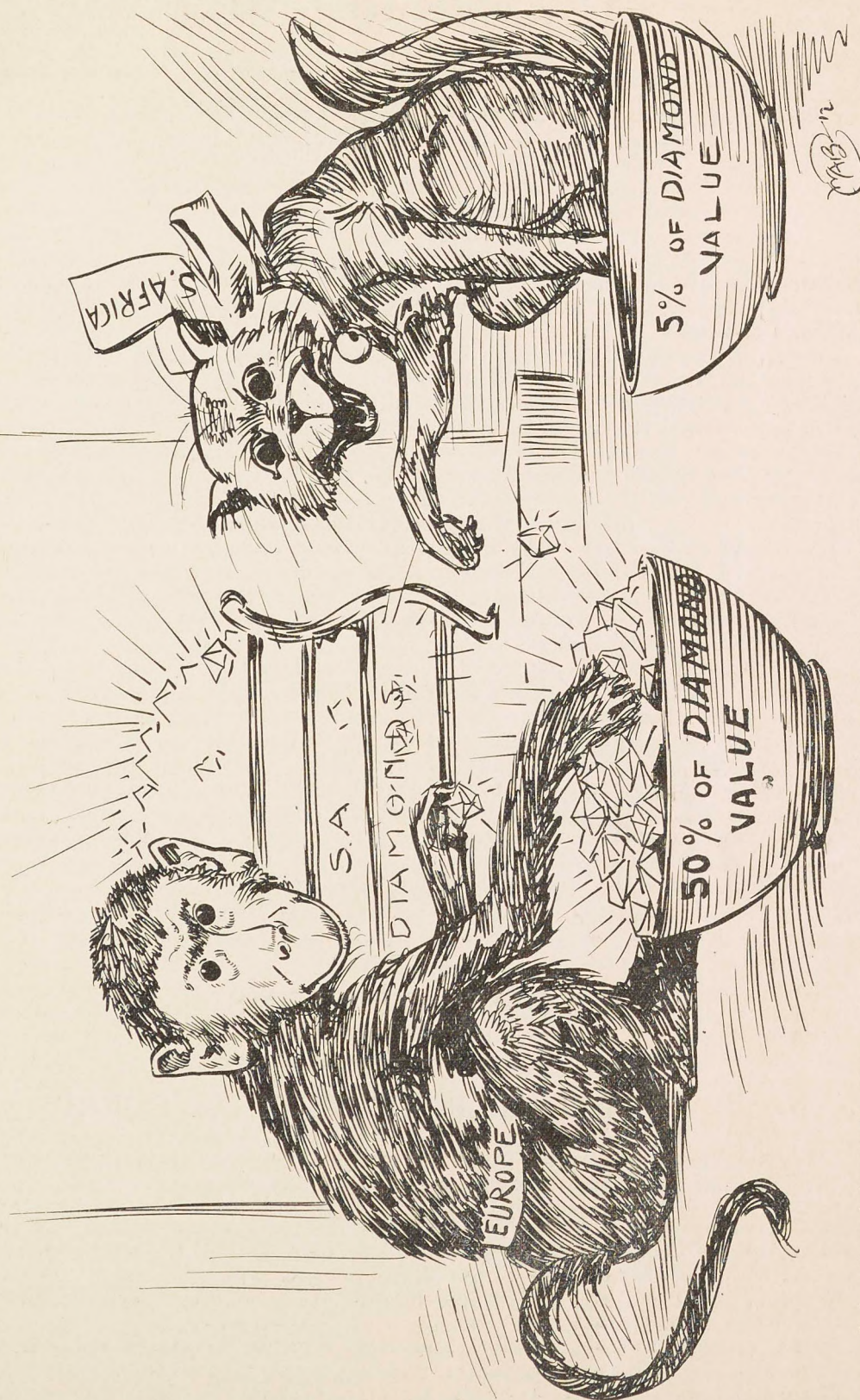
As regards living I would like to mention some of the advantages obtainable here, which would encourage workers to come. Those who are acquainted with the practical side of the industry know that constant work is not obtainable anywhere in Europe; employment is irregular. To be on the safe side, I can affirm that the worker loses at least a quarter of employment in a year, working say only thirty-nine out of fifty-two weeks; at an earning power of £5 per week, this yields £195 a year. In South Africa the same worker would receive fifty per cent. more, or £7 10s. per week for thirty-nine weeks, making £292 10s.; but in addition, as the contract would be to give him work all the year round, he will receive thirteen weeks more than in Europe, or a total of £390, as against £195.

If we admit—what is not proved—that the cost of living is double, and supposing that the monthly expense of living in Europe is £6 per month, £72 per annum, the saving possible to a workman would be £123 a year; whereas his savings here, at double rate of living, viz., £144 a year, leaves £246 over—just double the possible saving.

In conclusion, I can say, without undue optimism, that the factories in South Africa with five hundred to a thousand workers, can without any danger, assure constant employment, for the reason that their finished goods will, owing to the big difference in price, be absorbed immediately on receipt by the European or American markets.

The average rate of wages, of £200 per annum, is taken from the published statements that twenty thousand cutters are employed, approximately earning four millions a year.

PULLING THE CHESTNUTS OUT OF THE FIRE.



It is estimated that South Africa only receives 5 per cent. of the value of the diamonds she produces, whereas Europe receives 50 per cent. In order to give South Africa a larger share of the industry, it is suggested that a diamond cutting trade should be built up here by means of an export duty on uncut stones.

THE PREMIER MINE.

SHARED, NOT TAXED.

Analysis of the happy position of the Premier Diamond Company, as disclosed in the latest accounts, is interesting. Out of its two-fifths share the Premier Company has done exceedingly well. The original working capital was only £10,000—the issued capital, £80,000; to-day the latter has an increment of market value more than seventy times greater—lucky original holders!—while the dividends to date have repaid the total issued capital two and twenty times over. Ordinary shares get a fixed return of 250 per cent., and last year the “deferred” enjoyed a yield of no less than 650 per cent. The eighty thousand has grown to a marketable five millions. The total net profit in ten years is six millions; divided as follows: Equipment, £1,723,000; to Government, £2,079,000; dividends, £1,176,000; funds and diamonds in hand, £900,000.

It is useful to recall the reason for the company being allotted forty per cent. of the whole mine, the remainder remaining the property of the State. Formerly the custom was for the lucky prospector to peg off a certain small number of claims, the rest being thrown open to the public. It was the rough and ready way of recognising that the people had some rights—a recognition now in some danger of being ignored. Any company then had to buy claims wanted from the fortunate individual owner. So were fortunes made by the adventurous “in the brave days of old.” But there would have been bloodshed over free pegging of the Premier Mine, so the Government wisely pooled and retained the public share. The same principle obtains in the Cape (half) and the Free State (four tenths) for new discoveries, to Government. It is not an illiberal division so far as the discoverers are concerned. Without hair-splitting it may be asserted that precious minerals are the heritage of the people to have and to work, and I trust the principle will never be accepted that all diamonds and all gold belong to the owner of the surface land.

The company is a magnificent success, and my only regret is that so few of its shareholders live in South Africa. There is a rumour that a sustained attempt is being continued to try and obtain from the Government a cession of a further ten per cent. interest, reducing the public share in the mine to one-half only. Seeing that the Government has a firm offer on its records of ten millions sterling for the public's sixty per cent., the surrender of a tenth would be the gift of a million of money to those fortunate, rich and prosperous absentee shareholders. It is too absurd to discuss seriously. Possibly no ministry could survive that consented to rob a poor and struggling country to enrich the already wealthy, in the way proposed; but the public must be ever on the alert to prevent their rights being filched by untiring schemers.

Cor. “S.A. Mining Journal,” Feb. 17, 1913.

SOME OPINIONS.

M. ARMAND JUDLIN.—VIEWS OF AN EXPERT.

This gentleman, experienced in the diamond trade of Paris, London and Europe generally, has done his utmost to arouse the public to a sense of the importance of establishing local cutting. In conjunction with Captain C. B. Strutt, he started the first factory here. The latter went to Amsterdam and found no difficulty in procuring cutters, but the want of an open market for buying stones in the country of production proved fatal to success. Protection was then impossible, owing to the rivalry of Cape, Free State, and Transvaal governments. Monsieur Judlin has often written to the Press, and, on another page, a valuable contribution will be found from his active pen. A paragraph or two in addition may be read with interest. In 1909 he wrote, *inter alia*, to the “Daily Mail”—which has always supported the project—as follows:—I, as manager of the Premier Transvaal Diamond Cutting Co., was the first in the Transvaal to cut and polish a diamond, and must thank you very much for the support your paper is giving to this new industry. As is

well known by all diamond merchants—it was proved in '87, '88 and '89—when the rough diamond is cheap the cut diamond cannot be sold. That can be easily understood, as the diamond is a luxury—the rich only like to have the diamond when the price puts its possession beyond the common people. By this means the extra duty cannot in any way spoil the market. Your argument about the I.D.B. is perfectly just and correct—I believe that many of the authorities who are in direct touch with the illicit diamond buying are of the same opinion, and as a matter of fact each director of the diamond factories will be interested in combatting the evil of “unfair competition.”

It is very encouraging to read the speech of Mr. Advocate Tatham at the meeting at the capital on Monday evening, in so eloquently and ably pointing out the foolishness and apathy of the Pretoria people, and general public, in not insisting for the past nine years on the diamonds won by the Premier mine being cut at the capital. Possibly the people will listen and hear this gentleman when he asks so pertinently “Do you know that quite a million a year is spent in Europe in cutting Premier diamonds alone and preparing them for the market? Why has that million a year not been spent in Pretoria?” And Mr. Tatham's question of “Why?” is easily answered. The removal of the diamond cutting industry to this country would result also in the removal of a great part of the diamond market here, and this would prejudice the control of the Diamond Buying Syndicate in London, and possibly take some of their profits—and from there comes the big opposition.

In “Rand Daily Mail,” January, 1913.

SOUTH AFRICANS BARK, BUT DON'T BITE.

The London “Daily Chronicle,” of June 22, 1910, published a message stating that there were some indications that the Union Government were about to impose an export duty on diamonds in order to divert the cutting industry from Amsterdam to South Africa. M. J. Hartz, Secretary of the Association of Master Diamond Cutters, declared that he did not attach any more value to this news than to similar reports circulated in the past. “Admitting, however,” he continued, “that the Government of the Union intends to impose an export duty on uncut diamonds, it would not in the least mean that the diamond cutting industry would be thereby transferred to South Africa. If such a tax were imposed on diamonds,” M. Hartz added, “he would rather expect a rise in the price of the article, in the same way that an increase in price would be caused by improvements in the conditions in which diamond cutters worked, or by any other of the factors which influenced the price of the polished stone. More drastic measures would be necessary to secure the transfer of the industry.”

Mr. Henry Polak, President of the Diamond Cutters' Federation, said that he had no knowledge of the report contained in the “Daily Chronicle's” telegram. What had been said before of such reports was equally true now. Any schemes of competition which South Africa might have were of no interest to them, because any competition was out of the question. The first attempt to develop a diamond cutting industry in South Africa had already failed. At the present moment there was still one “factory” working with two workmen.”

Commenting on this, a local correspondent observed: “One would as reasonably expect the Unionist Party to predict success for Nationalists, as to look for a blessing on the diamond cutting enterprise in South Africa from Amsterdam. But the broad fact remains that to-day South African diamonds are being successfully cut in America entirely owing to a differential tariff.”

That is a fact Messrs. Hartz and Polak may endeavour to minimise but cannot get over. If South Africa chose, it could shatter the Amsterdam diamond business, by prohibiting export of uncut stones. The rest of the world cannot supply a tenth of the demand, and the trade would, perforce, come here.”

THE PIE-CRUST PROMISES OF POLITICIANS.

Mr. W. Cowley, an untiring advocate of diamond cutting in South Africa, has taken an active part in pressing its claims. A very able exposition of the case by him appeared in the "Raily Daily Mail," and the following is from a later communication :—"How it can be ever considered other than practical is almost past my understanding, seeing that Providence has specially blessed South Africa with an almost absolute monopoly of the production of all raw diamonds found in the world. In a previous letter I related how a South African Diamond Cutting Association was formed in Capetown before the last election of the last Cape Parliament, and how several members of that Parliament professed great sympathy with the object, and promised it their support if returned. It was my duty at the time to interview several of these, and I particularly remember among others three members of the present Government being particularly anxious that South Africa should cut and polish her own diamonds. These men were then rather poor and obscure individuals, occupying small offices in St. George's Street, Capetown; but after being elected they suddenly became very important people and Ministers of the Crown, full of dignity and awfully solemn, whom I then hardly dared look at let alone speak to about diamond cutting; and it was wonderful how place, pay and dignity affected their memory as it did their manners, for I regret to say not one of them has ever even attempted to keep his word, though often reminded of it. After all, it is the voting public of South Africa that must insist on their representatives pushing this measure which will make diamond cutting and polishing a possible South African industry."

MR. PURCHAS

(CHAIRMAN OF THE RAND WATER BOARD).

Writing on January 10, 1909, Mr. T. A. R. Purchas said: "The question of the establishment of a diamond cutting industry in the Transvaal is by no means a new one to me; it is one in which I have taken a considerable interest in its politico-economic aspect. More than two years ago, when I was taking a fairly active part in the politics of this country and later on, during the time I sat as a member of the First Legislative Council under Responsible Government, I discussed with various members of Parliament the position of South Africa as the producer of more than 90 per cent. of the world's output of rough diamonds and the fact that the whole of this production was shipped to Europe in the rough, all the work of cleaning, cutting and polishing to produce the article of commerce being carried on in various centres of Europe without a penny of resulting benefit to this country, which is merely interested at present in a proportion of the money spent in winning the rough stones. During the period that I was actively interested in this matter a considerable amount of information passed through my hands, and I satisfied myself that if it were possible to start a diamond cutting factory here success would undoubtedly follow its establishment, if only sufficient capital was behind the enterprise and its operations were conducted upon proper business methods by experienced men. I could discover no reason why the processes of cleaving, cutting and polishing should not be carried out in this country at a very slight increase on the European cost of producing the gems."

MR. NABOB LEVY SUPPORTS.

NO PARTY QUESTION.

The following extracts are from several published letters :—

"True, the training of expert diamond cutters is a speciality, but there is no reason why many of them should not come here if they can do better than in Europe. Their children and ours would be apprentices, and so the next generation would be the workers. You say that the youth of the country "not having been brought up in the requisite surroundings would

be comparatively unsuitable as apprentices." You cannot have a great opinion of our youth. I do not think your quibble is worth answering. You remark that an export duty on rough diamonds might bring some cutters and polishers here. Of course it would, but you say that the United States, which are large purchasers of diamonds and have started their own cutting and polishing would retaliate by putting on a heavy duty on our finished diamonds. Why, I ask, and how can this be done? Our finished diamonds would be sold in this market and exported free to all parts of the world. We would have the market here—brokers, dealers, merchants, all shipping to the markets of consumption. The United States will most certainly buy here at prime cost in preference to buying, say, in England or elsewhere and paying an extra profit.

In "Leader," February 6.

We talk of what are we to do with our children, what is their future, what trade we can put them to. Here is a problem solved to a small extent. In the first instance we would have to import the technical labour. It is our children who would derive the benefit so far as labour is concerned. Here is a white labour industry at our very door of raw material, yet no move is made, not one of our leaders, Unionist, Nationalist, or Labour seems to take any interest in a movement of the greatest importance of any industry in the Union.

In "Star," October 24.

You state that Mr. Rhodes dropped the idea because he satisfied himself after a full inquiry it was not feasible. Pardon me, how do you come to such conclusion? My information is to the contrary, and that had he lived this industry would have been in full swing years ago. Anyway, it is absolutely certain that he would not have prevented De Beers selling to those that started the industry. I don't know if you are aware that several cutters commenced manufacturing, and had to close down for the simple but cruel reason of not being able to purchase the rough, though offering to pay the London price. Is it not scandalous that even the Premier Diamond Mine, where our Government are interested to 60 per cent., also declined to sell to the unfortunate cutters?

How can anyone raise the cry that diamond cutters and polishers will not come here when we have proof positive that they will if they can buy the rough?

It is a crying shame that there is no encouragement given or allowed. Every time a factory starts it is strangled in its birth by those interested, alarmed at allowing the thin end of the wedge. If the factories had been able to procure the rough, their success was certain, and others would have followed. This would not suit the diamond syndicate. From small beginnings they are afraid that in time this industry would have grown to such an extent as to open the eyes of the country to what a big asset we had in the raw material which had been neglected and allowed other countries to exploit us.

Your paper always has had the reputation of doing all it could for the good of the country, but writing in the strain you have does not show much sympathy. One would have thought that you would have tried to remove obstacles, not go out of your way to find a "mare's nest." You also infer that a heavy tax would reduce the demand. Experience has taught us otherwise. The price of diamonds for the last ten years has steadily gone up to over two hundred per cent., and yet the demand is greater. You say that the diamond industry is financed by a buying syndicate to help the industry, and take great risks in its support. The only risk they have run in the last twenty years is how much they can make. It is computed that they have averaged a million pounds yearly. Not bad business. Naturally they will fight, and fight hard, against any disturbance of their risky business. These benefactors to our country certainly deserve every consideration—pity to spoil their little game. The Government or the country take no risk by putting on a tax of 25 per cent. on the rough, which will bring in an income to our coffers of about two millions yearly on an export of eight to nine millions rough diamonds (you can ear-mark for irrigation if you like). It will naturally follow that thousands of the Holland cutters will rush out here to save this 25 per cent., which is a business proposition, that which pays the best. These men are business men, and they will not be long before they see that those that don't come here will be left in the cold. Those remaining at home will not be able to compete with our cutters on the spot in saving 25 per cent. Some may say that the 25 per cent. export duty on the rough may dislocate the industry or disturb it in some way. Don't you believe it: how or which way? When the mines put on 25 per cent. or more is there any dislocation? The answer is, they sell more; anyway, they have in the past. The higher the price the more they have sold. In very little time after the export duty on rough is put on, South Africa will be the market for cut. You will have brokers, dealers, merchants, representatives from all parts of the world. A

flow of capital of millions will be invested in the industry. Our children will have the opportunity of learning a remunerative trade, with employment for thousands. This is one of the great opportunities one and all should do their best to remove all obstacles should any crop up. It is a big thing, go for it for all you are worth.

In "Cape Argus," February 15.

MR. D. I. MARCUSON.

HAVE OUR CHILDREN NO VESTED INTEREST?

All credit to you for persevering with this subject. If you were to cover the whole of your valuable paper on this great problem, you could not do a greater service to this country. You will see from the enclosed copies of letters to the Press that I also once gave a hand to it, and was a member of the committee of the Association that was eventually formed. It is true that the Association did not succeed in its object, but it at least brought the all-powerful corporation to a sense of justice to the country which provided them with the enormous wealth and great power to come to its rescue with an offer of ten per cent. on its profit instead of a paltry income tax it was paying.

Since I have come up north it has widened my vision, and I can see that the north stands in greater need of industries than the south; a prosperous north means greater prosperity for the south. "All rivers run into the sea"; the work of the workers of the north that created a London. What I pleaded for Capetown I would now a hundredfold plead for Johannesburg. What place in the Union stands in greater need of a permanent industry than Johannesburg? What will become of this populous city and district when once mine after mine begins to close down, and for many of them it is an event not very far off.

Forests of quills, skins of parchment, and oceans of ink have been used up in the last few years in placing before the people schemes of how to create industries for this country, and it is all bound to end in smoke and smother the people. There is only one legitimate industry to begin with and that is the whole, and nothing but the whole of the diamond industry; that industry will bring industrious people, and industrious people will create industries. Let the people of this country make a present of Protection to the mining industry providing it will help the people to establish that skilful and noble industry in this land.

Sir, If an export duty of 25 per cent. on all diamonds will not be sufficient to bring over the great industry here, then let the people pass an Act prohibiting the exportation if not of all the rough diamonds, at least the very best and purest of them, those finest and purest to be cut and polished here, and sure as I am that the sun will rise to-morrow, so sure am I that the world will come for them here. If it is thought right and proper, and for the welfare of the country to prohibit the exportation of ostriches, the breeding of which elsewhere cannot be stopped, whereas the making of diamonds has been, it is a thousand times more to the interest of the country to stop the exportation of uncut diamonds. I know I shall be asked, what about vested interests? Those people I would ask, have our children no vested interest in this land? Should their future be darker than the future of the Kaffir?

In "Rand Daily Mail," Nov. 26, 1912.

A STATESMAN'S OPPORTUNITY.

"Expert," in "Evening Chronicle," Oct. 15, writes:—Sir,—The statesman who brings into South Africa the diamond cutting industry by means of an export duty on rough diamonds, will indeed leave a name to posterity. In the next thirty years, the production will be two hundred and fifty millions sterling, the export value only of rough stones. Another hundred millions will be spent in cutting and polishing; and fully half of that sum this country might have if only people are determined.

But to obtain success there must be unity on the part of the public. The public must awaken to see the immense advantage of the cutting industry to this country—not to Europe. Our love for Amsterdam must be the measure of its love for us; nothing more. We must cultivate the charity that begins at home if the Union is to cease being the poorest colony in

the Empire. The result of the public taking up the question, against the few rich men interested in keeping things as they are would be certain. Why should we go on grumbling at the badness of trade and the scarcity of money? America was made great by Americans; Australia by Australians. South Africa is not going to be made by "friends in London" or anywhere else. Its future rests with ourselves alone. Talk of being born with a gold spoon in the mouth; that is just what South Africa has, but it presents the jewelled spoon to London and Amsterdam.

LLOYD GEORGE'S LEAD.

A parallel case is that of the Act compelling patentees to manufacture their patented articles in the United Kingdom, the result being that capitalists, of Germany and other countries, have spent millions on factories in England, greatly to the benefit of British trade. All political parties agree in praising this action as a fine piece of statesmanship, even though it is based on the first principles of Protection. If a Free Trade Chancellor of the Exchequer can do that, why are we so shy of taxing the foreigner? Diamond cutting in South Africa would be established entirely at the expense of the consumer, mostly the purse-distended American; he it is whom we might yoke in to assist in making this a white man's country.

IF WE DON'T THE TRUST WILL.

We who believe in the introduction of diamond cutting on a large and substantial scale, not an infantile and perfectly ridiculous teaching school merely, do not urge the entire prohibition of the export of uncut stones, that being a drastically effective measure of protection that we trust will prove to be unnecessary. An export duty on rough stones only of twenty-five per cent. would probably bring the European cutting merchants tumbling over each other to get in here first. And be it most carefully noted that if we do not put on that addition the Buying Trust will certainly do so "on their own." They desire cheap diamonds only here. But even at this end since 1909 the Premier Company's diamonds have risen from an average of 12s. 6d. to 20s. per carat, an increase of 60 per cent. of which full 25 per cent. was the increment of last year. What advance the Buying Syndicate puts on is their secret and is not likely to be given away. If this country does not clap on an export duty of, say, 25 per cent. we may rest assured that "our friends in London" will raise the price more than that rate during the coming three years, as they have in the past three. But South Africa will not thereby benefit; wages will not rise here. De Beers Company last year made nearly three millions profit, but the number of its white employes suffered reduction by over two hundred.

Cor. "Rand Daily Mail," 28th January.

PRESS ADVOCACY.

WHEN WILL WE AWAKE?

During the past few weeks there have been evidences in the Johannesburg press of public restlessness regarding the cutting industry, and well there might be. If this had been a normal country, if there had been a "public opinion" in existence, the industry would have been established long ago. The Union ought to-day to be ringing from end to end with a demand for immediate measures.

"South African Review," Nov. 8, 1912.

COMPLICATING THE ISSUE.

The Government, we have been told repeatedly, raise the objection that they cannot take the risk of assisting financially the commencement of this industry. Why they complicate the issue by the assumption that they will be called upon to dip into their treasury is best known to themselves. The fact is that, with the ordinary protection which the law can

allow by the imposition of a duty on the export of raw stones, all the Government's worries will be at end. They (the Government) are in the same position as the other colonies that have built up industries by protection, and if any all-white colony had this opportunity to increase its population and prestige there would be short shrift for a hesitating Ministry. Take, again, the case of a country, part of whose life-blood comes from the manufacture of its own products, being asked to allow those products to go to another country for manufacture. What would be the obvious retort? Most certainly a swinging protective duty on the export of the raw material. Even in Africa we protect our ostrich feathers and eggs. Why not protect diamonds?

“Rand Daily Mail,” 3rd June, 1909.

NO TIME LIKE THE PRESENT.

Now that South Africa is a Union it is no longer possible for De Beers to play off one State against the other, in opposition to the establishment of a diamond cutting industry in this country, and any agitation for that beneficent reform accordingly stands on a better footing than was formerly the case.

It is worthy of note that the magnate press never mentions the subject of a diamond cutting industry on its own initiative. Its function is to remain silent; to boycott the subject as far as possible. But if (especially at election time) the agitation becomes insistent then it is beaten down by every artifice at the command of these magnate journals. Every real obstacle to the introduction of such an industry is enlarged upon and magnified, while all sorts of imaginary difficulties are invented and harped upon.

The only reference to the matter made in the first session of the Union Parliament was in the Senate, when, in reply to Senator Whiteside, General Hertzog said the Government, since its inception, had been considering the possibility of establishing such an industry, but many difficulties would have to be overcome. The Commerce and Industries' Commission would give special attention to it and the Government would be largely guided by its report.

Anything more ridiculous than the manner in which the Commission in question dealt with this question could scarcely be imagined, and if the Government intends to be guided by its report, then the Government is easily guided. The Commission polished off this branch of its “researches” in half an hour. Just one witness was called, and he a gentleman who did not claim any personal knowledge of the subject. The burden of Mr. Smyth's evidence was that immense stocks of diamonds are held in Europe and that, if it came to a fight, the holders of these stocks would be able to feed the market for four or five years, and refuse to buy any stones from South Africa. Consequently the diamond mines might be “held up” for that long period.

The rest of his evidence was favourable to the establishment of the industry here.

The “South African Review,” August 18, 1911.

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Surely, it is unnecessary to point out that if such a state of things existed as he presupposes, that is to say, if De Beers had placed itself in the power of its customers (the holders of the reserve stocks) it would stamp that Corporation as being infathomably stupid, its reputation as a business concern would be shattered, and De Beers' own proud boast, repeatedly made, that its one and only policy is that of “controlling the market,” would be exposed as empty bombast.

No, the holder of these reserve stocks in Europe are those “first cousins” of De Beers, the Diamond Syndicate, practically De Beers themselves. De Beers, as the producers, control the situation. These independent stockholders who might decline to buy any more stones from De Beers for four or five years exist only in the imagination of Mr. Warrington-Smyth. The stockholders are practically De Beers, and when we see them shutting down De Beers we shall see dogs eating their own tails.

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De Beers simply dare not take such a course. When the diamond profits-tax of 10 per cent. was proposed in the old Cape Parliament, one of the Kimberley members (Mr. Oliver) hinted that the House had better beware lest De Beers should supply the market out of its reserve blue ground on the floors, and stop mining operations for a considerable time. From almost every member of the House except the immediate De Beers members, that is, from

almost every Bond member and many Unionists, there came a simultaneous shout, "They dare not." That warning shout still holds good.

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Now as South Africa has practically a monopoly of the world's diamonds, it is only necessary to prohibit the export of rough stones and then make suitable provision for the reception of the 19,000 cleavers, polishers, and cutters from Amsterdam, Antwerp, and elsewhere; and the dealers, brokers and representatives of manufacturing jewellers who must follow in their wake. It will not be necessary to ask them to come to South Africa. Where the rough diamonds are they will have to be, or starve. This invading army will consist not of undesirables, but of positive "aristocrats." The diamond cutting industry is the most "aristocratic" industry in the world, and dealers, brokers and manufacturing jewellers' representatives are, of course, men of excellent financial and social position.

S.A.R., August 25, 1911.

HOW WE ARE SCARED.

The idea is carefully fostered that the transferred cutting trade would demand fancy wages. We have actually seen it stated that they would have to be paid twice or even thrice their present wages. There is not an atom of justification for such statements, but it serves to scare the public, and more especially the diamond mining communities. There is, however, a plausible backing for the idea that the wages of cutters would have to be increased to cover the cost of living as between South Africa and Amsterdam or Antwerp. Yet, when we look closely into it, it is seen that even this need not necessarily be the case. If the cutters were living on a subsistence wage, then of course the wages would have to be increased, just as ordinary mechanics get more wages here than they do in Europe. But these cutters are not receiving subsistence wages. The industry comprises about 3,000 masters or cleavers whose earnings in Amsterdam and Antwerp run into four figures per annum. To talk about the "cost of living" in the case of such people would be nonsense. Then there are some 16,000 cutters and polishers whose wages average £20 a month. It is not a case of bringing over an army of people who could not possibly live in South Africa unless their wages were increased. The truth is that the rate of wages paid to cutters is not affected by the locality. This is no ordinary trade, but a highly organised industry.

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It is significant that the inspired press should only display solicitude for the welfare of the diamond miners when a cutting industry is proposed. The increased cost of production, this press says, will result in the retrenchment of some of these men because the price of diamonds will go up and less diamonds will be sold. If the press in question is so anxious that as many men as possible should be employed on the mines, why does it only wake up in this matter when a cutting industry is proposed?

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We hear nothing of the huge profits of the Diamond Syndicate, which of course enhance the price of diamonds, and therefore (adopting the same axiom) largely diminish the output. The magnate press is discreetly silent on the subject of the Syndicate and its profits. The exact amount of these profits nobody knows, for the Syndicate is as close as any secret society. What is certain, however, is that these profits run well over seven figures a year, and we should not be surprised if they are exceeding at the present time, over two millions sterling per annum. The Syndicate is made up of big De Beers men, who therefore buy the diamonds from, and make their huge separate profits out of their own company. The bulk of the shareholders acquiesce in this arrangement for various reasons. Most of them are too thankful for their steady 40 per cent. to raise any question about the Syndicate. It is one of the stock arguments of the De Beers press that the financing of the diamond trade is an enormous business, and the financiers are represented as indispensable; if these withdrew their support, owing to the transfer of the cutting industry, who would take their place? What a terrible situation would arise! The grotesqueness of these objections is seen when it is realised that De Beers could easily do what the Syndicate is doing, and that one of the reasons why these big men oppose the transfer of the cutting industry to South Africa is, that there would be even less excuse for its existence than there is now. The Syndicate and the dealers of courses would then have to be in South Africa, and the spectacle of De Beers selling its output to a

group of big De Beers men, and these in turn doling out the diamonds to dealers and making a huge profit out of the transaction, everyone concerned being in South Africa, would show up the whole outrageous Syndicate "racket" so luridly that it would scarcely be able to stand the glare.

S.A.R., Sept. 8, 1911.

ROBBED OF OUR BIRTHRIGHT.

Under this heading the "South African Review," of Feb. 7, writing of Senator Munnik's motion in Parliament says:—"It must be borne in mind that Ministers, as also members of former Ministries, would stand in a very bad light if the case for an industry was proved, inasmuch as their past remissness, in failing to establish the industry, would be glaringly exposed. Naturally, therefore, Ministers and ex-Ministers on both sides of the House, even though they have no other motives in opposing the industry, are anxious to belittle and ridicule the efforts of those who are endeavouring to bring home to the public the fact that they are being robbed of their own legitimate and natural industry, namely, the cutting of their own diamonds."

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Replying to the "Argus" the same paper, at a later date, writes:—"May we ask the 'Cape Argus' to explain its complacency in the case of the increased cost of rough diamonds, when it is alarmed at the increased cost of finishing? As a matter of fact, however, the world does not spend a fixed part of its income on diamonds, as the enormously fluctuating sales clearly show."

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This buying syndicate consists of the "first cousins" of De Beers directorate. Its profits, which are said to be "shared by the producing companies," are never shown on the public balance sheets of these latter. Why is this? The idea that De Beers cannot do its own financing is absurd on the face of it. There is no reason whatever why De Beers as it stands should not do everything that the Buying Syndicate does. The Syndicate did no more in the slump than De Beers could and would have done if no Syndicate had been in existence. As a matter of fact De Beers did stop production to as great an extent as they dared. Hundreds of ruined white men were sent away from the Diamond Fields during the slump. The statement that but for a buying syndicate a great concern like De Beers would have had to stop production is indeed a daring one. If it were really the case that the welfare of our diamond industry depends on a buying syndicate oversea, the case for State supervision would be overwhelming.

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The profits of the mines are so large that De Beers have written down their machinery and plant to the nominal figure of £1, have piled up enormous reserves, and have been paying off their debentures. It is this concern that has to sell for cash, the "Argus" says, in order to go on producing steadily. De Beers does not lead such a hand-to-mouth existence as our contemporary would make out.

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America does not object to importing cut diamonds from Amsterdam and Antwerp, but the moment she is asked to import them from South Africa, the country of production, she "may put a prohibitive tariff on cut stones." Having conjured up this appalling picture on these slender premises, the "Argus" proceeds to a veritable riot of imagination concerning the risk of the Government financing the industry, and other awful and impossible things into which we cannot be expected to enter, as they are never likely to happen.

VOICING THE PUBLIC DEMAND.

The "Sunday Times" has done great service, with pen and pencil, to drive home the reasonableness and logic of the demand. Again and again it has returned to the attack, and there are many thousands who now understand the question, as they never understood it before. The clever cartoons in this pamphlet, by Mr. Santry and Mr. Bradley, are reproduced by the courtesy of the paper mentioned, and of the "Rand Daily Mail," which has also for several years educated public opinion on the subject. The extracts therefrom are necessarily brief, though to the point.

A WORD WITH YOU.

Why should not South Africa have a diamond cutting industry? This is the question we want every voter in the Union to ask, and keep on asking. Do not be put off with some fooling excuse which a fourth-standard schoolboy would declare to be rot. And do not be satisfied when a Parliamentary candidate hums and haws and says vaguely that he thinks it a good idea and will enquire into it. You ought to know that kind of answer by now. It was given at the first Transvaal Parliamentary elections. And most of the men who promised all kinds of things have not lifted a finger in support of the cause from that day to this. We want you to insist upon the discussion of the question, because possibly at long last some convincing reason against the proposal may be advanced. At present there is none. At least the only one we can think of is that the leaders of the country are too backbone-less to be able to stand up to Fat Man influence.

Let us see what Kimberley says. The "Diamond Fields Advertiser" is owned, if popular rumour is true, by De Beers. And that journal calmly says that 'the men of standing in the diamond industry' are not opposed to establishment of a cutting industry in South Africa. In fact, they 'would much prefer to have the work done on the spot, to suffering delay and running the risk of sending diamonds oversea to be cut.' Then why is there no industry? Listen to the De Beers paper:—

'The fact is that diamonds are not cut and polished in South Africa because workers elsewhere who have specialised in diamond cutting for years, do the work much better than it can at present be done here.'

Positively amazing! Here the men of standing in the industry have been longing to have the cutting done in South Africa, and yet it has never struck them to make it worth the while of the cutters to cut in Kimberley instead of Amsterdam. This simplifies the whole business. Let us clap a 25 per cent. export duty on uncut diamonds, and the men of standing will find that it pays them to get the cutters out here. There is a prospect of building up an industry which would increase the prosperity of the whole country, and in time provide a livelihood for thousands of boys and girls now growing up in South Africa with no particular idea of what they are going to do. Why should South Africa be robbed of a natural industry in order to add to the wealth of a few millionaires in London? General Botha says that when the raw material is produced in the country, it is only right that an effort should be made to establish an industry. Why not diamond cutting? Sir Thomas Cullinan would move heaven and earth to make pottery a South African industry. Why draw the line at polishing the gems we produce? General Hertzog says that the Afrianders (or South Africans, if you like it better), must be "baas" in their own country. Hurrah! But why allow a handful of cosmopolitan capitalists in Europe to dictate to Afrianderdom on the question of cutting diamonds? Our Protectionists are ready to clap on duties to enable imported raw materials to be made into South African soap, and imported pieces of wood dipped into imported chemicals in order that the product may be called South African matches. Here is an industry in which every atom of raw material comes from the soil of the Union. And behold the Protectionists stand silent, looking as silly as a flock of sheep. If the politicians will not stir, the people must. And if the people really show they are determined to have action, the politicians will move fast enough. You can do something. Make this diamond cutting business a test question when next you vote. Get your friends to do the same. Then things will begin to happen. But unless you act, the Government will merely adopt some foolish little scheme for the purpose of placating the public. Mr. Malan talks of "considering" the starting of a diamond cutting school. Absurd. What we want is an export duty, and then the cutters will come here, and lads will be apprenticed to the trade, which is better than any school. What on earth is the use of teaching diamond cutting here unless you also take steps to find work for the youngsters you teach?

"Sunday Times," 20th Oct., 1912.

WHY NOT ?

Cabled from London the other day, came the news that another syndicate with a huge capital had been formed for the purpose of buying, and dealing in, diamonds. It is not surprising. Experts in the trade have some idea of the huge fortunes made by the members of the Diamond Buying Syndicate, and it is a wonder that an attempt was not made long ago to secure a share of profits so large and so easily obtained. And yet of all the wealth earned

in the diamond industry of the world, the land producing the stones gains but a miserable percentage. Both the Government and the Opposition profess to be bursting with a desire to see South Africa more prosperous. The Ministerial attitude is that when the raw materials for an industry are found in a country, that industry must be encouraged—by a tariff if necessary. And yet when an industry is pointed out in which all the raw material is found in the Union, the Ministerialists stir not a finger to help it. The Opposition cry aloud for immigrants. The country must have more white people they say. True. But when it is pointed out that diamond cutting would introduce thousands of white men and women to South Africa, the Opposition remain dumb. On both sides the very men whom one would expect to seize eagerly upon such a scheme, remain absolutely apathetic. They go on shouting windy nothings from a platform. Their newspapers preach the same old political platitudes week in and week out. Yet when a practical scheme is outlined by which tends of thousands of pounds in wages could be circulated amongst the farmers, and the traders, and the manufacturers of the Union every month, they take about as much interest in it as a stone wall evinces in an eclipse of the sun. Their gross lethargy or some absurd fear of opposing Fat Man methods has kept them in this block of wood attitude. What matters it to South Africa if a few millionaires in Europe do not like the scheme? They have made enough out of diamonds already, and if they had two cents worth of gratitude in them they would give a thought to the land which supplied them with their millions. The people of South Africa must take this matter up. They much insist upon a heavy tax being placed upon the export of diamonds. Let every member of Parliament be approached. And let each individual voter swear a solemn oath never to move again for the man who will not actively support the scheme. That is the quickest way of making politicians move. There must be no humming and hawing, and shilly-shallying. A diamond cutting school will not do. We must have the tariff. If the Protectionists will not support it, then their own principles are not worth a snap of the fingers. We want the public to see this thing through. It is not going to be an easy matter. All the Fat Man influence, in the Union and out of it, is against it. Yet the last word rests with you, and your friends. If you all insist, then the members of Parliament who still oppose the plan must go out to make room for men who will do what South Africans want them to do. And we ask, Why Not?

“ Sunday Times,” 27/10/12.

INCONSISTENCY.

The Ministerial attitude is strange. If protection is to be applied when the raw materials for an industry are found in the country, then there is no industry which has stronger claims than that of cutting and polishing diamonds. Twenty thousand white people in Europe are engaged in it, and we can find no adequate reason why a great part of these twenty thousand should not be working in South Africa and circulating their wages amongst the farmers and manufacturers and traders of the Union. If there is to be no tariff for diamond cutting, how can the Protectionists justify one for sugar producing. Mr. Malan seemed to imply that the greatest concession the Government could make—and that by no means certain—would be the establishment of a diamond cutting school. If this is the only policy the Government can adopt in the cause of South African industries, let it be applied equally all round. The sugar industry must be content with a school to teach sugar planting and refining. The wheat farmers cannot expect more than an agricultural college. The pottery industry must abandon all idea of a tariff, and rest satisfied with classes for the training up of pottery workers. If protection is to be interpreted as simply the establishment of schools for particular industries, well and good. We shall know where we are. But if protection means the fixing of a tariff in order to force the carrying out of certain work within South Africa, then what in the name of consistency are the objections to a tariff for the purpose of encouraging diamond cutting to be carried on within South Africa?

“ Rand Daily Mail,” 23rd Oct., 1912.

AGAIN—WHY NOT?

The industry would give employment to skilled white men and women, and would eventually absorb considerable numbers of white South Africans. Even if the scheme was not a great success in drawing a large part of the diamond cutting industry to these shores, it would at least give the Government additional revenue for other development schemes. The

proceeds of the export duty might, for instance, be earmarked for land settlement, or some other plan designed to strengthen the white race in the country.

Indeed the case for attempting to secure part of the diamond cutting trade of the world is so reasonable that it merits close enquiry by the Government. South Africa is in a very strong position indeed. The benefit it gains at present from a business in which so many millions are invested, is singularly small. It has been estimated that the printing trade of the Union is alone as valuable, as far as the employment of white men is concerned, as all the diamond mines put together. The white people of the country are beginning to recognise that they must safeguard their own interests. The Census has revealed the most disquieting tendencies. In parts of the Union the white male population has seriously dwindled since 1904, and unless more can be done in building up industries employing white people, the preponderance of the coloured races must in time create a position of grave danger. Those who are asking for the establishment of a diamond cutting industry, do not demand hasty or ill-advised action. They merely point out the facts, and suggest that South Africa is not obtaining the benefit she should from an industry to which she supplies nearly the whole of the raw material of the world. There is reason to believe that the Diamond Buying Syndicate alone make more profit out of South African diamonds than the land in which the mines are worked. This is not a fair division, and no other national would calmly agree to it. Before any new system of protection is assented to in South Africa, the public will expect the scheme for establishing a diamond cutting industry to be thoroughly threshed out. Vague assurances that "it can't be done," are not sufficient. What the public want to know is why, if any such scheme is impossible, other countries are able to attempt it.

"Rand Daily Mail," 28th Jan., 1913.

"FAT-MAN CONTROL."

The papers owned by the mining houses will not help. If you get inside their offices you will generally find that the last word rests with a Fat Man. But anyway we are not content to let the Union of South Africa be run by a little coterie of cosmopolitan capitalists in London. And we want the people of this country to study the problem of diamond cutting with some earnestness. The Fat Man argument is that the buyers would not come here to buy. Fiddlesticks. If the Diamond Buying Syndicate chose to hold aloof others would come in. The diamond trade of the world is not going to be brought to a standstill for the sake of a handful of men who are making fortunes every year because South Africa cannot watch over her own interests.

"Sunday Times," 13th Oct., 1912.

BIRMINGHAM BIDS FOR THE INDUSTRY.

The "Birmingham Weekly Post," of October 19, contains the following:—Until this year Birmingham had not touched the art of preparing the stones which it sets in gold, silver, and platinum in such vast quantities, and in London they have only got so far, in quite a few instances, as to supply one of the processes—the polishing. The Americans have been more enterprising, and they have transplanted the gem cutting industry into the States with such success that they are now formidable rivals to Amsterdam, both as to quality and quantity of work done.

In Birmingham, at last, an effort has been commenced to remove what seems to us somewhat of a reproach to our master jewellers. One firm has made a start in transplanting the gem cutting industry, and in carrying it through all its branches, and we are informed the result of the effort has been most encouraging. The honour of pioneering gem cutting in Birmingham is claimed by Messrs. Ginder and Couch. How important such an addition to our industries may prove, if well directed, may be gathered from the fact that there are about 20,000 diamond cutters in and near Amsterdam—all highly paid men, for gem cutting and polishing is perhaps the most highly paid of all the skilled industries. The first difficulty to be faced in introducing an exotic industry such as this is that there are no qualified work-people to do the work, and the only way to meet this difficulty is to import skilled Dutch cutters. This is what Ginder and Couch have done, as did the Americans before them. The provision of the necessary machinery is not a serious matter, for the plant is small and very compact—with, of course, the necessary power—nowadays electricity with all up-to-date manufacturers. The first attempt proved so encouraging that they have now increased the

plant to the full extent of the premises which are now available. Already they have in their employ a number of apprentices—Birmingham boys, eager to learn an industry which promises to be remunerative above the average of skilled employments.

The opening for the industry seems so obvious that the "Weekly Post" man asked Mr. Ginder how it was that none had attempted to introduce the industry here before. "I really cannot say," he replied; "it has only required doing. I am satisfied that if it is taken up, as it should be, it will be a great success."

UNFIT?

In the course of an article, opposing the proposal to cut diamonds in South Africa, the "Leader" says:—"The cutting and polishing of diamonds represent a highly specialised calling. Those who carry it on in Holland, where such work is mainly done, may be said to form a guild—an esoteric craft. Indeed, they form almost an hereditary guild, for their recruits are taken largely from the families of the members of the guild, and the tradition and skill of the craft go down in a good many cases from father to son. The youth of this country, not having been brought up in the requisite surroundings, would be comparatively unsuitable as apprentices, and if they were otherwise we have neither the instruction nor the other necessary conditions for training them."

We are indeed unfortunate. Our youths become ministers—of religion and of government—doctors, lawyers, surveyors, mine managers (even editors, though probably of most inferior quality), but, to cutting and polishing the gems we mine, we cannot rise. The quotation shows a knowledge of present conditions of the craft, on a level, perhaps, with the taste of the tribute offered to the intelligence of the readers of that paper, in this country.

DEBATE IN THE SENATE. SELECT COMMITTEE APPOINTED.

("Cape Times" Report, Feb. 4, 1913.)

Senator MUNNIK moved: That a Select Committee be appointed to consider the advisability of encouraging the establishment of a diamond cutting industry within the Union, with power to take evidence and call for papers.

The mover said that he thought he was justified in saying that during the forty years that the diamond industry had been exploited by oversea speculators the bulk of the people of South Africa had received the minimum of benefit from that industry. During these forty years profits had been flung at the feet of Europe, which were an asset of immense importance and value to the country which had produced those diamonds. Out of the huge amount of diamonds annually exported, the total wages bill of both whites and blacks, was only three millions, and only 4,000 whites were employed in that industry. Last year 5,071,882 carats of raw diamonds had been exported, to the value of £10,061,489. He had the high authority of Sir David Harris for saying that 150 million worth of diamonds had already been exported, and that there were still 250 million worth in the soil awaiting exportation. Practically all that they in this country had of that 150 million was the getting out of the stones by Kaffir and convict labour, while the cream of the profits had gone to keep Derby winners and yachts on the Mediterranean. (Laughter.) The proportion of the world's diamonds exported from South Africa was, he was informed, 90 per cent., the proportion of German South-West African and Brazilian diamonds being responsible for the other ten per cent. Last year the profits of De Beers had been three millions. In contrast to the number of white men employed in the diamond industry here, there were 20,000 men employed in the diamond cutting industry, with a wages bill of four millions; and he thought that at least half of that four millions should be spent in South Africa. That sum was now spent in cutting and polishing diamonds in Amsterdam and elsewhere. Sir Thomas Cullinan, who was also an eminent authority on diamonds, lately said, when addressing his constituents, that industries should be protected more especially when the raw materials used were the product of the country. Could a more potent argument than that, coming as it did, from the chairman of the Premier Diamond Mines Co., be adduced in support of the motion now before the House? Boiled

down, the argument meant protection for the land of production. Sixty per cent. of the diamonds produced by the Premier Mine, 40 per cent. of the diamonds produced in the O.F.S., and 10 per cent. of the diamonds produced in the Cape Province belonged to the people. Let them compare the diamond industry with the printing industry, where they had a total capital invested of one and a half millions, and they employed 4,000 white hands, just exactly the same number that the diamond industry employed; but, while the capital invested in printing was only 1½ millions, the shares of the diamond industry to-day stood at 49 millions, so that the relative greater value of the printing business to the country was 30 times better than the diamond industry, which exported ten millions of the country's assets per annum. Surely that alone would show the necessity of inquiring whether it was not possible to secure greater advantage from the diamonds exported than at present. As to the feasibility of establishing a diamond cutting industry, they found that America, realising the immense difference in the value of raw and cut stones, had now established a cutting and polishing industry in New York. America to-day was one of the largest buyers in the world of cut diamonds, and for that reason had established an industry of its own. Germany had also established a similar industry, and Birmingham, that great industrial centre, jealous of what Amsterdam was making out of the cutting and polishing of the stones, had also started a factory. If America, Germany and England had found no difficulty in doing so, why should they in South Africa not do likewise? He did not think he need weary the House with the puerile argument: "Where are we to get the cutters?" America, Germany and England had found no difficulty in getting them, and why should we? The Hon. Senator went on to refer to what could be done if the products of the country were protected; and said that as to the statement that capitalists would not invest their money in industrial enterprises in South Africa, they had only to look at the dynamite factories at Somerset West, Modderfontein and Durban, or the Sunlight soap factories at Salt River and Durban. Austria had prohibited the exportation of pitch-blende altogether, with the result that it alone to-day was the country where radium could be made. The Hon. Senator also quoted from newspaper extracts, Mr. Warrington Smyth, and Mr. F. Mats; and said that if there was still one unbelieving Thomas left amongst Senators he would quote for his benefit a portion of Sir Thomas Fuller's monograph on the life of Cecil Rhodes. Rhodes had said: "I intend that every diamond that is dug out of the De Beers Mine shall be cut here in Kimberley ready for the jewellers." "What, then," said Sir Thomas Fuller, "would become of the Amsterdam cutters, who represent a great European industry?" "Bring them out here," Rhodes replied, and lapsed into silence. In conclusion, Senator Munnik said that he hoped that the House, by its vote, would authorise an inquiry into that all-important matter, which might bring untold wealth to the country and provide a heritage, in the shape of highly remunerative employment to their young people, out of the great wealth with which a benign Providence had endowed the land of their adoption. (Cheers.)

Senator WHITESIDE had much pleasure in seconding a motion which had been so ably and eloquently introduced. He very much feared that the committee which the Senator desired should be appointed—although they knew what the nature of that report would be—would not cause the hon. Senator's wishes to be attained, even if that report were adopted.

HON. SENATOR: Why?

Senator WHITESIDE: Because the gentlemen who run horses at the Derby and have yachts on the Mediterranean will have more influence than the report of the committee. Proceeding, he said that he had no objection to these gentlemen running their horses in South Africa on their yachts on the beautiful waters of Table Bay. He thought it highly desirable that such a diamond cutting industry should be established in South Africa, which could be done, and would mean an additional 20,000 white people finding employment. England, Germany and America had been able to establish a diamond cutting industry because he thought that there was more love of country there. What was there against such an industry being established in South Africa? He thought that the climate was a most suitable one for that industry—he hoped that there would be sufficient love of country for such an industry to be established there. Wherever money was to be made there the capitalist was to be found, even at the gates of hell, as the mover had said.

Senator OWELL, as a Protectionist, was not going to oppose the motion, nor should they in that House oppose any reasonable request for an inquiry. It was not a matter, however, where they could call upon the Government to do this or do that. What the Government could do was to clap an export duty on the export of diamonds—(Senator GRAAFF: Hear, hear)—but he did not think that the South African proportion of the world's production of diamonds could always be maintained. They had recently heard that a new diamond

field had been discovered in Australia; and in regard to the 98 per cent. quoted as being South Africa's proportion, he did not think that India's share had been taken into account. The industry of diamond cutting had been established at Amsterdam $3\frac{1}{2}$ centuries ago, and it would be very difficult to transplant these men. Everybody could not become a diamond cutter; and it was a trade which was handed down from father to son. The whole question was one of feasibility, and if it were feasible to establish a diamond cutting industry here he thought that the capitalists would already have done so. If Rhodes had been able to establish a diamond cutting industry here he would have done so, and if he did not succeed in doing so, he (Senator Powell) did not think it could be done by lesser men. He had no objection to the motion, and it would be very desirable to establish such an industry here if it could be done. As he had said, the whole question was whether it was feasible to do so.

Senator TUCKER moved as an amendment that the words: "And the means by which such encouragement may best be effected" should be added to the motion. He thought that the hon. Senator was well advised in bringing that matter before the House, because it had been discussed by the newspapers and had been for some time before the public. A Select Committee of the House would be able to bring its reasons pro and con, and show whether it would be desirable or undesirable to establish such an industry in South Africa. He did not think that some of the arguments advanced by the mover were the best that could be brought forward; and did not, he asked, the whole of Kimberley and the prosperity of South Africa depend on the diamond industry, while the printing industry was quite a different matter and the prosperity of the whole country did not depend on that as it did on the diamond industry.

Senator GRAAFF seconded the amendment.

The MINISTER OF MINES said that he had no objection to the motion as amended and he thought that the mover hardly needed a Select Committee on the matter, as he was so convinced of the advisability of establishing such an industry. There were certain facts which should be brought before the public, and a Select Committee was a very useful means of doing so—facts such as the difference in the cost of living as between Amsterdam and Capetown. The whole question was one of feasibility. He found from the investigations that had been made that the cost of living in South Africa was about double what it was in Antwerp and Amsterdam, and to make an export duty at all effective it would have to be one of 37 per cent. If they imposed such a duty on uncut diamonds they would have to consider the effect on the output. If they increased the cost of diamonds the prospective purchaser with £100 to spend would not pay £137 for what was hitherto £100 worth of diamonds, but would purchase less diamonds. That would have its effect on the output, and they knew what that would mean to the prosperity of the country. They knew what the effect of the closing down of a mine or a panic on the market meant. They knew what the closing of the Voorspoed meant. One of the points he hoped the Select Committee would inquire into was how, if they restricted the output they could obtain advantages that would compensate them for the restriction. The Union of South Africa, it was said, exported 98 per cent. of the world's diamonds. That might have been five years ago; but he found that the production of diamonds in German South-West Africa was now 13 per cent. of the South African output. Therefore, if they in South Africa clapped on a duty of 37 per cent., it would only benefit their neighbours. Last year German South-West Africa exported £1,800,000 worth of uncut diamonds, and he was informed that this year they were exporting at the rate of £2,500,000. Regarding America, he found that that country took about 75 per cent. of the cut diamonds produced annually; but only three per cent. of the total people employed as cutters were employed in that country. That was notwithstanding the import duty. Germany had been mentioned. His information was that they had dropped the project in Germany. And all the diamonds produced in German South-West Africa were sold to a syndicate in Antwerp. Suppose the Government said they would do what was asked. How would they go about it? Three methods were suggested. The one was to put on the export duty of 37 per cent. It would be for the committee and afterwards the Government to see how far it would restrict the output, and how they could obtain counterbalancing advantages. The next suggestion was a small bonus on cut stones. That seemed more practicable than the first, but there were difficulties. A rough diamond could be recognised by an expert; but after it was cut and polished it was another matter. Also, the bonus would have to be a very heavy one to be of any use. And very strict control would have to be exercised, and whether that could be obtained he hoped the Select Committee would decide. Lastly, it was suggested that a small school be established by the Government to cut diamonds for South African consumption, and to train young men by teachers brought

from abroad. He found that South Africa only consumed from £80,000 to £90,000 worth of diamonds a year—a flea-bite—a drop in the bucket. He would have no objection to young men being trained; but they had to have some policy to pursue. To suggest a school seemed to him only another way of saying they should clap on that 37 per cent. duty. It was no use training young men if they were not to have some large industry later on. He hoped he had not damped the ardour of the committee. He would not oppose the motion. (Cheers.)

Senator MUNNIK, in reply to Senator Powell, said that the syndicate would not allow of a diamond being bought in South Africa. As to what the hon. Minister had said about the difference in the cost of living between Amsterdam and Capetown, it was a pity that he had not referred to the difference in the cost of living between Amsterdam and New York, because, if these cutters went from Amsterdam to New York, they would go anywhere. The Minister spoke of the possibility of the mines closing down, but they had heard of that bogey before—it had been said that when the Chinese went that the gold mines would close down, but the mines were still going on.

The motion as amended was agreed to, the following Senators to compose the committee: Senators Sir F. Moor, Sir Meiring Beck, Graaff, Marais, Campbell, Lance, and the mover.

THE PREMIER MINE.

CONTROL PASSES TO MR. SOLLY JOEL.

“IT IS THE DIAMONDS.”

At the annual meeting of the Premier (Transvaal) Diamonds, Ltd., on February 25, in the absence of Sir T. Cullinan, Mr. Adolph Wagner occupied the chair, and resigned his directorship. For the greater part of the ten years he has been connected with the company, Mr. Wagner has been responsible for managing the financial and commercial side of the enterprise. In the course of a very vigorous speech, he stated that he was leaving because of the control acquired by Barnato Brothers, which he looked upon as inimical. The following extracts are from reports in the local Press:—

Mr. Wagner said:—“In 1911 large purchases were effected by Messrs. Barnato Brothers, and I need not remind you that Mr. S. B. Joel is chief partner. The firm was known to everybody to have large interests in the Diamond Syndicate, large interests in De Beers, large interests in Jagersfontein, and it was an open question whether or not to welcome this new accession of a large shareholder, but, whether we liked it or not, we had to make light of it. It is a danger we were quite powerless to prevent. . . . As long as I had something to give away I was considered to be working with them. Most flattering remarks were made about my services, and I first voluntarily induced the Board to give a seat to Mr. Gustav March. . . . I realise that the holding of Barnato Brothers under the constitution of the company can take every one of the seats on this Board, but they must do it in broad daylight; they must not use these by-laws of the trust deed and fill vacant seats unknown to the rest of the shareholders, and by little confabulations five minutes prior to the meeting decide the fate of an empty seat without the knowledge of some of the directors even, not to speak of the shareholders. I object to any group, never mind how strong, coming here and obtaining a majority in the board-room except through an open vote at the shareholders' meeting. Let them take the odium upon themselves to turn out this directorate, let them say we have not done our duty, then I am with them and I would not even fight, because they have got the majority, but I am not going to sit here quietly as an onlooker and gradually see the ground removed from under my feet. Very likely the fact of Barnato Brothers being so unexpectedly strengthened on the first occasion whetted their appetite for absolute control and a compact majority. What the object could be I could not then see. . . . I emphatically deny that a large holding even such as Barnato Brothers' gives them the right to brutally use their strength to move a direction that has carried this concern to the point of success which it has reached today. We did not borrow money from Barnato Brothers or anybody else. We have made the mine out of the mine, through the mine, and through nobody else, and the usual reason for change of control is when a group steps in to assist financially any undertaking when in difficulties. You cannot say this here. We never wanted any credit from large shareholders or directors. It was entirely our own spirit of doggedness, our own

resources, our own foresight, our own actions, that made that concern what it is to-day. . . . The conception that I hold of my duties makes my position untenable. I am convinced the plan is to crush every bit of independence, and I feel that when you do that you deal a severe blow at the welfare of this mine. . . . I think I have sufficiently explained the position which led up to this saddest day in my business career—anyhow in my African career, extending over 26 years,” continued Mr. Wagner. “However, I have the satisfaction to have converted the strongest opponent this company ever had into the largest shareholder which proves to me that he endorses our policy, that he admired secretly, of course (he could not do it openly) our methods of working, and he came in here and he found, in the words of a friend of mine, a bed ready made. Let him now prove that he can carry on this concern in the spirit and in the order in which he found it, and his task will be quite an easy one. I say I have converted that largest shareholder who in 1905 and 1906 carried on a campaign of destruction against this company.” . . . He concluded: I have not been a silent onlooker, and when I am leaving I am not leaving a sinking ship, and if I had the right to give orders it would be the order from the bridge “full steam ahead.” I leave my mark on this undertaking, and if it is managed in the future as it was in the past, for the general good, then I have no hesitation in saying that its future will even be brighter than its past has been, but one must not be harrassed by people in this world who would like and who even claim the right to dispose of the property of other people without their consent. I have been a slave for the last ten years, and I say, with the poet:

The Slave has done his duty,
The Slave can go.”

Mr. Gustav Imroth, replying, said the influence of Mr. Joel had been of great advantage. They all heard with regret that Mr. Wagner had decided to resign his position. For some ten years he had devoted his great financial talents and unbounded energy to the interests of the company, and in times of stress it had been his skill and resource which had pulled it through. (Hear, hear.) With regard to his remarks about the disposal of the diamonds, they are entirely beside the mark. The suggestion to the effect that the full benefit of the value of the diamonds will not accrue to the company, I do not think is worth considering. I am in the interests of all concerned that the company should benefit to the fullest extent and, besides, the selling of the diamonds is not a matter which can be done in the dark, but will always be a matter of public knowledge and open to public criticism. Indeed, this question of the disposal of the diamonds is one which is most likely to affect the company very beneficially in the future. It is too early to suggest the likelihood of any combination amongst producers of diamonds, but it is quite clear that even a good understanding amongst the main producers is bound to have a good effect upon the diamond market, and to be of advantage to producers. Speaking personally, it is surely a matter for congratulation on the part of shareholders that a man of such financial strength as Mr. Joel, with such an expert knowledge of the diamond trade as he possesses, should have identified himself with their interests. The important part which he and his firm have taken in building up the De Beers Company to its present position is well known. Taking all the circumstances into consideration, I cannot help feeling satisfied that the new epoch in the history of this company will prove one of great stability, steady progress, and every possibility of wider success in years to come.

Mr. Wagner thought it a great injustice to Mr. Busch, who had done very valuable work all these years, that it should now be said that Mr. Joel had rendered valuable services in connection with raising the price of diamonds. He also disagreed with Mr. Imroth about the disposal of their diamonds, and hoped he would live to be able to oppose any scheme of the nature he might propose in this direction. He hoped, besides, that there would be stronger powers at work to prevent the concern, as regards its diamonds, being merged.

THE REAL OBJECT.

Commenting on the above, the “Rand Daily Mail” observe: The fears that Mr. Wagner expressed as regards the future cannot but be shared by the public. Mr. Solly Joel to-day practically controls the De Beers, Jagersfontein, Voorspoel and Premier diamond mines; and he has also a large interest in the Diamond Syndicate. Mr. Wagner very evidently fears that Mr. Joel may have acquired Premier shares, more with the intention of disposing of that company’s diamonds to the Diamond Syndicate, than of earning dividends for shareholders; and the danger is not altogether an imaginary one. As a matter of fact, it is probably due to the policy and determination of Mr. Wagner that the output of the Premier Mine did

not long ago pass permanently into the hands of the Diamond Syndicate ; and it is certainly not unreasonable to suppose that one, who is so largely interested in that syndicate as Mr. Joel, will be tempted to take advantage of the power he had every right to purchase, to benefit himself and his friends.

GERMAN SOUTH-WEST AFRICA.

A COMPARISON OF METHODS, AND SOME FIGURES.

The conditions under which diamond mining is permitted in German South-West Africa cannot be termed too easy. Apart from onerous regulations governing production, including handing in to authority all diamonds won, there is an export duty of $33\frac{1}{3}$ per cent., while a further 10 per cent. goes to the Kolonial Company, as ground owners, and the Regie exacts 5 per cent. for realisation, a total of $48\frac{1}{3}$ per cent., calculated on the gross value. Producers are not permitted to sell their diamonds, except through the official Regie, which claims to have secured higher prices, including even taxation, than would have been obtained if individual producing companies had sold their output in competition with each other, or to the London Syndicate.

In the early part of February, it was reported by "The Times" correspondent at Brussels, that on the expiration of the present contract with the Belgian Syndicate at Antwerp, the German Imperial Office will replace the system of private *entente*, which hitherto has been the rule, by a system of public adjudication. Antwerp diamond firms had received no official statement regarding the conditions of the new agreement. The "Anvers-Bourse" says that *pourparlers* are in progress for the formation of a Belgian-German syndicate, having its seat at Berlin, for taking over the sale of one million carats of German diamonds.

Taking the figures, quoted recently by the Minister of Mines, the export from German South-West Africa last year was £1,800,000, inclusive of £600,000 taxation. A rebate of 5 per cent. is allowed to diamond cutters in Berlin, so as to encourage the industry there. Germany itself has become so prosperous, under protection, that it absorbs practically the full value of diamonds produced in its own Colony.

Contrast this policy of taxation with the Union figures, also for 1912. These show the total diamond revenue, from all sources, inclusive of the three-fifths ownership interest in the Premier Mine :—

Export, 5,071,882 carats, value	£10,061,489.
Revenue and share interests	£847,000.

The Union Government is content with $8\frac{1}{2}$ per cent., leaving $91\frac{1}{2}$ per cent. to producers. Will it be contended, by adverse critics, that this $8\frac{1}{2}$ per cent. is not paid by consumers, in spite of the continuous rise in prices, but comes out of the pockets of producers?

Which Government acts in the best interests of its people, the reader may decide for himself. The facts given refer to existing conditions, but some alteration of terms has lately been arranged, it is said, on a sliding-scale, richer mines paying a higher percentage than the poorer. Whatever it may be, the sister Government is determined to gather honey while the flowers are blooming. The ordinary cost of production being naturally very high, competition from this field does not seriously affect the market. The deposit is alluvial, of limited extent, and 95 per cent. of companies formed to work for diamonds have gone into liquidation.

Those who oppose cutting diamonds in South Africa inflate and exaggerate German competition to terrorise us, but the Germans collected their export duty without any fear of our mines—and sold their diamonds in the open market. Naturally, producers always wish for every rise in price ; nor is this desire less when such increase may be the result of official taxation. Some areas may pay for a second, or even third working, therefore the Germans are "tempering the wind to the shorn lamb." But shearing goes on. .

Since the foregoing was in type, information is cabled that in the Budget Committee of the Reichstag, on March 5, Dr. Solf, Minister of the Colonies, announced that schools of diamond cutters would shortly be founded at Hanau and in Berlin, in which Amsterdam methods would be taught.

A BRIEF SYNOPSIS.

The total value of cut diamonds in the world is estimated at two hundred millions.

South Africa has produced one hundred and fifty millions worth.

Sir David Harris, M.L.A., says that two hundred and fifty millions more will come from our known mines.

Ninety-eight per cent. of the world's output is from Africa.

Rough stones exported last year were valued here at ten millions.

At the present rate of export the mines will last about thirty years.

Twenty thousand white men and women in Europe and America are engaged cutting South African gems.

A great part of this industry could be transferred here, *at the sole cost of consumers.*

Less than five thousand white men are employed in diamond mines.

The wages paid to the cutters in Europe total four millions a year.

The wages paid to all diamond miners, both white and black, is under three millions.

It costs more to cut and polish diamonds than it does to mine them.

Europe derives the greatest advantage from our diamond mines; their defence and security devolves upon South Africans.

Our rough diamonds sold in London in the past have been subjected to very heavy taxation for the benefit of the British Treasury. The Chancellor of the Exchequer is cute and patriotic.

Cecil Rhodes said he was fully determined that every diamond raised should be cut here, the cutters being transferred from Amsterdam. Is his mantle too big for any South African statesman?

The United States has established an industry to polish our stones, this success being obtained by means of a differential import tax favouring rough stones.

If a sufficient export duty were put on rough stones, both the cutting industry and the cut diamond trade would centre in South Africa.

The ostrich farming industry was preserved to South Africa by similar means, and is now returning over two and a quarter millions annually. But for the protection thus afforded ostriches and their eggs would have gone to Australia and elsewhere, to our great loss.

A diamond export duty, if fixed too low to ensure the desired result, would benefit our revenue to the extent of the tax. It would be paid entirely by foreign consumers, mostly rich Americans. The money so obtained could be "earmarked" for immigration and irrigation.

The opposition comes from the Buying Syndicate, which controls the output and the market. Its aim is to buy rough diamonds cheap and to sell them dear, the profit going to members of the Trust. Our country benefits only to the extent of the lowest possible cost of production. Convict labour and Basuto boys are means to ensure cheapness.

The decision of the recent Industrial Commission (Sir Thomas Cullinan, chairman) against local cutting was based on the evidence given by Mr. H. Warington-Smyth, Secretary of Mines. He asserted, on information obtained, that seventy-five per cent. of the world's production of diamonds remains unsold, and dealers could draw on stocks in hand for some years to come, and so close down the mines.

If Mr. Warington-Smyth was rightly informed, dealers are holding all the diamonds that South Africa has ever produced. The information given to him was absolutely false.

Mr. Gustav Imroth (representing Mr. Solly B. Joel) upsets this evidence by saying that the producers "are all actuated by the same motives, viz., to market only in such quantities as the world will absorb." This is correct. How otherwise would the money be forthcoming monthly to pay for mining, cutting, polishing, and marketing diamonds?

According to Sir David Harris in 1909: "At no time did De Beers and Jagersfontein overload the market. They sold only that quantity of diamonds which purchasers were prepared to take. Of course the Syndicate did not go on buying unless they could sell at a profit."

Mr. Oats, Chairman of De Beers, also flatly contradicts Mr. Warington-Smyth's informant. Speaking as far back as December, 1908, he referred to the company's "recognised policy of adapting production to the world's demand," adding: "This is no new policy; it is our traditional policy, as old as the company itself." He said in 1910: "Stocks are practically exhausted. The Syndicate has very little more than is absolutely necessary to carry on business, therefore we shall in future obtain a better price."

It was recently cabled that diamonds during the past ten years have increased in value two hundred per cent. Needless to say, this rise is not reflected in the wages paid to miners here.

Nobody wants cheap diamonds—except the Buying Trust; not even the rich producer. Mr. Gausel (of the firm of Rothschild) stated that the world's market was willing to pay the diamond producers of South Africa more for 200,000 carats a year than they would pay for 300,000 carats. Mr. Oats says: "That proposition is substantially as true to-day." [Dec., 1908.]

General Botha has pointed out that our gold and diamonds are diminishing assets, and that we should have both agricultural and industrial expansion to make up for the loss. Right; but where are our factories?

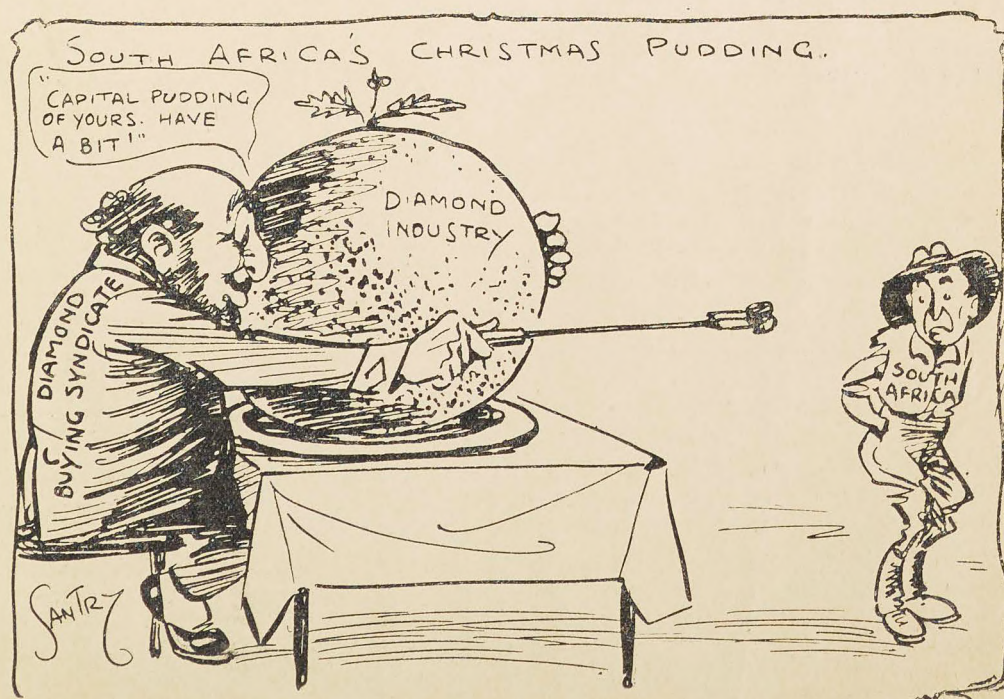
Share capitalisation of diamond mines is £49,000,000; the capital in newspapers and printing is only £1,500,000, but the latter employ more white workers. Factories and works are comparatively of greater value to the Union, for white labour, than our diamond mines.

Gold exported already amounts to £350,000,000, and it is estimated that £1,500,000,000 is still to come from the Rand area alone. The gifts of Providence must be made the most of. South Africa is being exploited, not developed.

This country should get the greatest possible advantage from its mineral wealth. Does it? Workers make a country prosperous—not imports and exports.

The white miners in the Union of South Africa number only about thirty thousand, as against three hundred thousand blacks. Our vast mining wealth is not making for a white nation.

We must have some "all white" industries; we want ten thousand diamond cutters here, why should we not have them? The Syndicate says we shall not; what do we say ourselves? This is our country, and we have to run it. Are we not running it aground?



TRUSTS AND COMBINES.

THE AMERICAN PRESIDENT'S OPINION.

"I am not willing to be under the patronage of trusts, no matter how providential a government presides over the process of their control of my life.

The policy of a nation cannot be tied up with any particular set of interests.

Modern industry depends upon technical knowledge; and all that these gentlemen did was to manage the external features of great combinations, and their financial operation, which has very little to do with the intimate skill with which the enterprises were conducted.

Then there is the question of conservation. What is our fear? The hands that are being stretched out to monopolise our forests, to prevent the use of our great power-producing streams, the hands that are being stretched into the bowels of the earth to take possession of the great riches that lie hidden in the incomparable domain of the United States, are in the hands of monopoly. Are these men to continue to stand at the elbow of government and tell us how we are to save ourselves—from themselves? You cannot settle the question while monopoly is close to the ears of those who govern. And the question of conservation is a great deal bigger than the question of saving our forests and our mineral resources and our waters; it is as big as the life and happiness and strength and elasticity and hope of our people."

WOODROW WILSON.

"Fortnightly Review," Feb., 1913.

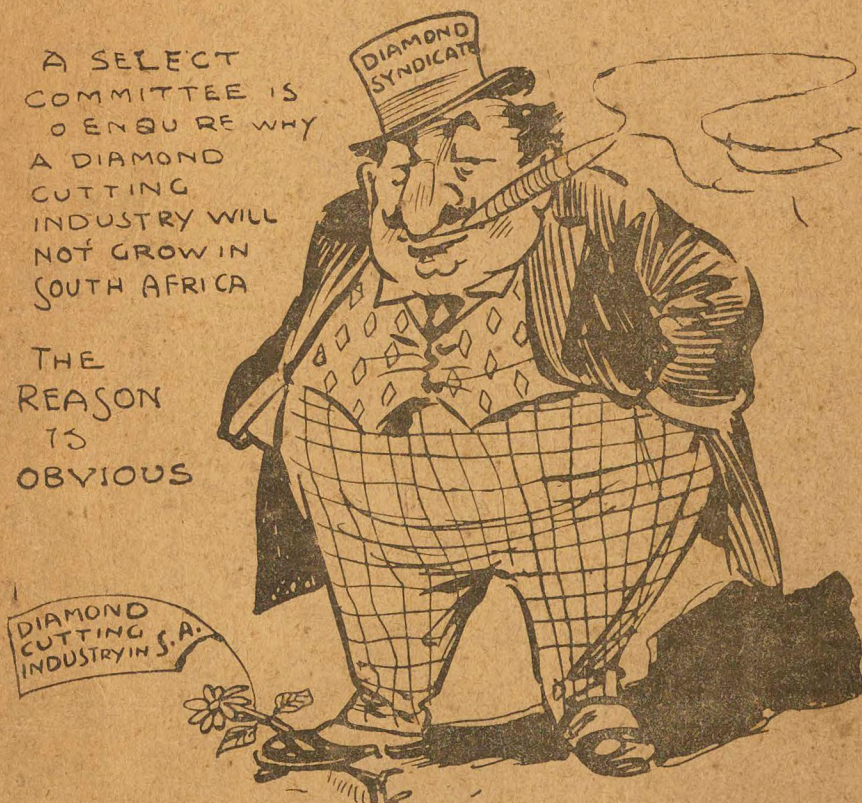
"PRO PATRIA."

The decision rests with ourselves, and ourselves only. If you are convinced, try to convince others. Circulate this pamphlet; it is "the case up-to-date," though what fresh "difficulties and obstacles" may be sprung upon us, Cabinet Ministers and the Trust alone know.

JOHANNESBURG,
February, 1913.

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OBVIOUS



SANTRY, "RAND DAILY MAIL," 10/2/13.